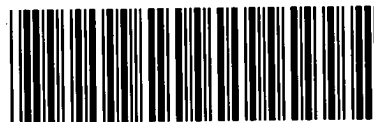


**STANDARD MOTOR PRODUCTS HOLDINGS LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**STANDARD MOTOR PRODUCTS HOLDINGS LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	K Hudson (appointed 25 June 2019) I L Turner S T Hall (resigned 31 August 2019)
<b>Registered number</b>	09493614
<b>Registered office</b>	Little Oak Drive Sherwood Park Annesley Nottingham United Kingdom NG15 0DR
<b>Independent auditor</b>	Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA

**STANDARD MOTOR PRODUCTS HOLDINGS LIMITED**

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## **STANDARD MOTOR PRODUCTS HOLDINGS LIMITED**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **Introduction**

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

These financial statements represent the consolidated group accounts of Standard Motor Products Holdings Limited and its company only financial statements for the year ended 31 December 2019.

#### **Business review**

We saw a small sales growth in 2019 with sales to most sectors remaining steady, and further growth in the OES sector. We continued to develop our Polish operation, transferring the majority of our manufacturing activity to Poland, and seeing outstanding quality and service levels achieved. We expect the costs in Poland to reduce during 2020 through the application of continuous improvement activities. We also opened our new development centre at the Nottingham site, allowing us to significantly increase the number of engineers employed developing new products.

#### **Principal risks and uncertainties**

The group uses financial instruments, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The group also use derivatives in the form of forward exchange contracts. The main purpose of these financial instruments is to raise finance for the group's operations and manage foreign exchange risks. The main risks arising from the group financial instruments are interest rate risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

##### **Interest rate risk**

The group finances its operations through a mixture of retained earnings and bank borrowings. The group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

##### **Liquidity risk**

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through retained earnings or through loans. Short term flexibility is achieved by overdraft facilities.

##### **Foreign currency risk**

The group is exposed to transaction and translation foreign exchange risk. To manage this risk, the group enters into forward exchange contracts and maintains bank balances in foreign currencies to settle its liabilities as they fall due.

##### **Export market risks**

The group trades in overseas markets and as a direct result is exposed to exchange rate and tariff risks.

##### **Defined pension scheme**

The group operates a defined pension scheme. To limit the group's exposure to future potential pension liabilities the pension scheme is closed to future accrual. A recovery plan is in place in accordance within the requirements of the Pensions Act.

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### Financial key performance indicators

Sales in the year ended 31 December 2019 were £33.8m (2018: £33.1m), with gross profit of 26% (2018: 25.6%).

The trend of costs as a proportion to sales were encouraging in the year and were as follows:

	2019	2018
Other operating charges	22.2%	20.9%

The group has continued to demonstrate good profitability in the period and will focus on improving sales, profitability and cash position in 2020.

#### Trading outlook

Our product range continues to expand to meet the needs of our markets and the changing nature of the car industry. The increased investment in engineering, design and development is ensuring that our product offering remains relevant and attractive to our customers. Longer term we are carefully monitoring the ambitions of government to reduce vehicle emissions and the growth of alternatives to the internal combustion engine. Although the timescales involved are extremely long, we are already researching and developing products for these vehicles.

The trading outlook for 2020 was very good, with some solid growth prospects in the UK and OES sectors, and indeed in the first quarter of 2020 the company saw sales growth of circa 5%. The second quarter was naturally impacted by lockdowns across most of Europe but with the reopening of global economies in Q3, Standard Motor Products Holdings group experienced a surge in demand and strong sales performance in Q3 and Q4. The trading outlook for 2021 is very healthy and we expect to see sales back at pre-pandemic levels, if not stronger.

#### Brexit

Standard Motor Products Europe made the decision in 2016 following the Brexit referendum result to set up a manufacturing and distribution facility in Poland. This will allow us to continue to service our customers and manage our supply chain as efficiently and effectively as possible, reduce any possible disruption to our customers and manage any Brexit risks once a decision has been reached on a whether the United Kingdom will leave the EU with or without a deal.

**STANDARD MOTOR PRODUCTS HOLDINGS LIMITED**

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**Coronavirus**

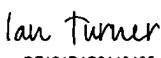
The UK and rest of the world is still experiencing a period of economic uncertainty due to the Covid-19 pandemic. Standard Motor Products Holdings group is well set to continue to cope with the commercial challenges created by the economic slowdown the pandemic has caused. Having experienced a sales slowdown in April-June of 2020 the business has benefitted from strong sales months in Q3 and Q4 of 2020 as the recovery continues. The group has a strong balance sheet, a talented and flexible workforce, and the infrastructure to allow us to continue operating even where many of our staff members will be unable to leave their homes due to national lockdown rules, as well as self isolation.

The group has made use of the Government support available to businesses during this difficult time under the Coronavirus Job Retention Scheme. The group has also seen support from it's bank, Barclays and has arranged additional facilities under the Coronavirus Business Interruption Loan Scheme.

The assets of the defined benefit pension scheme are subject to movements in value, the directors have reviewed these at the time of signing the accounts and are pleased to confirm they have improved from the position at December 2019.

The directors are confident that the group is well positioned to cope with the challenges of 2020, and to take advantage of the opportunities that will present themselves in the fast-changing automotive market of the future.

This report was approved by the board and signed on its behalf.

DocuSigned by:  
  
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**I L Turner**  
Director

Date: 18 December 2020

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

#### Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 the group and of the profit or loss of the group for that period.

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

- select suitable accounting policies for the group's financial statements 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 group 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 the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Results and dividends

The profit for the year, after taxation, amounted to £1,031,578 (2018: £1,229,539).

During the year the company paid a dividend of £150,000 (2018: £Nil). The directors have declared a dividend post year end of £304,000.

#### Directors

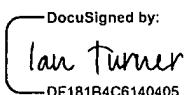
The directors who served during the year are stated on the company information page.

#### Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

This report was approved by the board and signed on its behalf.

DocuSigned by:  
  
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**I L Turner**  
Director

Date: 18 December 2020

## **STANDARD MOTOR PRODUCTS HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STANDARD MOTOR PRODUCTS HOLDINGS LIMITED**

#### **Opinion**

We have audited the financial statements of Standard Motor Products Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019, which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 group's and of the parent company's affairs as at 31 December 2019 and of the group's 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



## **STANDARD MOTOR PRODUCTS HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STANDARD MOTOR PRODUCTS HOLDINGS LIMITED (CONTINUED)**

#### **Other information**

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

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

We have nothing to report in this regard.

#### **Opinion 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 group 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 group strategic report and the 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report or the 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STANDARD MOTOR PRODUCTS HOLDINGS LIMITED (CONTINUED)

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 4, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of our report

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



Alison Fovargue (Senior Statutory Auditor)

for and on behalf of

**Cooper Parry Group Limited**

Chartered Accountants  
Statutory Auditor

Sky View  
Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA

Date: 18 December 2020

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
<b>Turnover</b>	3	33,846,374	33,105,735
Cost of sales		(25,047,691)	(24,630,426)
<b>Gross profit</b>		8,798,683	8,475,309
Distribution costs		(2,166,422)	(2,109,181)
Administrative expenses		(5,141,406)	(5,060,936)
Fair value movements on foreign exchange contracts		(205,704)	258,507
<b>Operating profit</b>	4	1,285,151	1,563,699
Interest receivable and similar income		4,865	4,571
Interest payable and similar charges	8	(169,887)	(130,726)
Other finance charges	26	(7,000)	5,000
<b>Profit on ordinary activities before taxation</b>		1,113,129	1,442,544
Tax on profit on ordinary activities	11	(81,551)	(213,005)
<b>Profit for the year</b>		1,031,578	1,229,539
Actuarial gains/(losses) on defined benefit pension scheme	26	132,000	(385,000)
Movement in deferred tax relating to actuarial gain on pension scheme	21	(22,440)	-
Currency translation differences		10,304	(4,310)
<b>Other comprehensive income for the year</b>		119,864	(389,310)
<b>Total comprehensive income for the year</b>		1,151,442	840,229

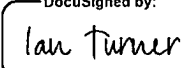
The notes on pages 16 to 38 form part of these financial statements.

**STANDARD MOTOR PRODUCTS HOLDINGS LIMITED**  
**REGISTERED NUMBER: 09493614**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	<b>Note</b>	<b>2019 £</b>	<b>2018 £</b>
<b>Fixed assets</b>			
Intangible assets	12	326,470	40,193
Tangible assets	13	4,391,339	4,208,668
		<u>4,717,809</u>	<u>4,248,861</u>
<b>Current assets</b>			
Stocks	15	8,954,515	6,293,890
Debtors	16	7,941,543	7,849,137
Cash at bank and in hand		489,645	1,975,844
		<u>17,385,703</u>	<u>16,118,871</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(11,113,811)</u>	<u>(10,200,849)</u>
<b>Net current assets</b>		<u>6,271,892</u>	<u>5,918,022</u>
<b>Total assets less current liabilities</b>		<u>10,989,701</u>	<u>10,166,883</u>
<b>Creditors: amounts falling due after more than one year</b>	18	(2,524,142)	(1,532,756)
<b>Provisions for liabilities</b>			
Deferred taxation	21	(179,955)	(48,687)
Other provisions	22	(114,452)	(102,452)
Pension scheme asset/(liability)	26	29,000	(221,000)
<b>Net assets</b>		<u><u>8,200,152</u></u>	<u><u>8,261,988</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	55	65
Capital redemption reserve	24	45	35
Foreign exchange reserve	24	9,156	(1,148)
Merger reserve	24	4,879,641	4,879,641
Profit and loss account	24	3,311,255	3,383,395
		<u><u>8,200,152</u></u>	<u><u>8,261,988</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:  
  
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**I L Turner**  
 Director

Date: 18 December 2020

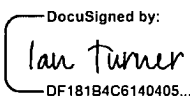
The notes on pages 16 to 38 form part of these financial statements.

**STANDARD MOTOR PRODUCTS HOLDINGS LIMITED**  
**REGISTERED NUMBER: 09493614**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Investments	14	<u>2,627,500</u>	<u>2,627,500</u>
<b>Current assets</b>			
Debtors	16	450,154	12,714
Cash at bank and in hand		<u>100</u>	<u>100</u>
		450,254	12,814
<b>Creditors: amounts falling due within one year</b>	17	<u>(488,411)</u>	<u>(1,088,140)</u>
<b>Net current liabilities</b>		<u>(38,157)</u>	<u>(1,075,326)</u>
<b>Total assets less current liabilities</b>		<u>2,589,343</u>	<u>1,552,174</u>
<b>Creditors: amounts falling due after more than one year</b>	18	<u>(2,524,142)</u>	<u>(1,532,756)</u>
<b>Net assets</b>		<u><u>65,201</u></u>	<u><u>19,418</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	55	65
Capital redemption reserve	24	45	35
Profit and loss account	24	<u>65,101</u>	<u>19,318</u>
		<u><u>65,201</u></u>	<u><u>19,418</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by by:

DocuSigned by:  
  
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**I L Turner**  
 Director

Date: 18 December 2020

The notes on pages 16 to 38 form part of these financial statements.

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Capital redemption reserve	Foreign exchange reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2019	65	35	(1,148)	4,879,641	3,383,395	8,261,988
Profit for the year	-	-	-	-	1,031,578	1,031,578
Actuarial gains on pension scheme	-	-	-	-	132,000	132,000
Movement in deferred tax relating to actuarial gain on pension scheme	-	-	-	-	(22,440)	(22,440)
Currency translation differences	-	-	10,304	-	-	10,304
Dividend paid	-	-	-	-	(150,000)	(150,000)
Purchase of own shares	(10)	10	-	-	(1,063,278)	(1,063,278)
<b>At 31 December 2019</b>	<b>55</b>	<b>45</b>	<b>9,156</b>	<b>4,879,641</b>	<b>3,311,255</b>	<b>8,200,152</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Capital redemption reserve	Foreign exchange reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2018	65	35	3,162	4,879,641	2,538,856	7,421,759
Profit for the year	-	-	-	-	1,229,539	1,229,539
Actuarial losses on pension scheme	-	-	-	-	(385,000)	(385,000)
Currency translation differences	-	-	(4,310)	-	-	(4,310)
<b>At 31 December 2018</b>	<b>65</b>	<b>35</b>	<b>(1,148)</b>	<b>4,879,641</b>	<b>3,383,395</b>	<b>8,261,988</b>

The notes on pages 16 to 38 form part of these financial statements.

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	65	35	19,318	19,418
Profit for the year	-	-	1,259,061	1,259,061
Dividend paid	-	-	(150,000)	(150,000)
Purchase of own shares	(10)	10	(1,063,278)	(1,063,278)
<b>At 31 December 2019</b>	<b>55</b>	<b>45</b>	<b>65,101</b>	<b>65,201</b>

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	65	35	387,728	387,828
Loss for the year	-	-	(368,410)	(368,410)
<b>At 31 December 2018</b>	<b>65</b>	<b>35</b>	<b>19,318</b>	<b>19,418</b>

The notes on pages 16 to 38 form part of these financial statements.

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,031,578	1,229,539
<b>Adjustments for:</b>		
Amortisation of intangible assets	27,227	(89,448)
Depreciation of tangible assets	657,171	702,925
Loss on disposal of tangible assets	1,205	-
Interest paid	169,887	125,726
Interest received	(4,865)	(4,571)
Taxation charge	(81,551)	213,005
Increase in stocks	(2,746,235)	(1,287,562)
Increase in debtors	(279,805)	(1,444,903)
Increase in creditors	1,850,449	1,083,992
Difference between defined benefit pension charge and contributions made	125,000	(15,000)
Net fair value losses/(gains) recognised in P&L	205,704	(258,507)
Corporation tax paid	(260,899)	(224,702)
Movement in foreign exchange reserve	-	(4,310)
Increase in warranty provision	12,000	12,000
<b>Net cash generated from operating activities</b>	<u>706,866</u>	<u>38,184</u>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(314,882)	(50,745)
Purchase of tangible fixed assets	(900,909)	(722,305)
Sale of tangible fixed assets	26,523	-
Interest received	4,865	4,571
<b>Net cash used in investing activities</b>	<u>(1,184,403)</u>	<u>(768,479)</u>



## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
<b>Cash flows from financing activities</b>		
New secured loans	2,900,000	-
Repayment of loans	(1,723,484)	(150,643)
Repurchase of own shares	(1,063,278)	-
Dividends paid	(150,000)	(300,000)
Interest paid	(152,530)	(130,726)
(Decrease)/increase in credit facility	(296,327)	4,230,316
<b>Net cash (used in)/generated from financing activities</b>	<b>(485,619)</b>	<b>3,648,947</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(963,156)</b>	<b>2,918,652</b>
Cash and cash equivalents at beginning of year	1,443,007	(1,475,645)
Foreign exchange gains and losses	(8,245)	-
<b>Cash and cash equivalents at the end of year</b>	<b>471,606</b>	<b>1,443,007</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	489,645	1,975,844
Bank overdrafts	(18,039)	(532,837)
	<b>471,606</b>	<b>1,443,007</b>

The notes on pages 16 to 38 form part of these financial statements.

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2019

	At 1 January 2019 £	Cash flows £	New loans £	Other non- cash changes £	At 31 December 2019 £
Cash at bank and in hand	1,975,844	(1,486,199)	-	-	489,645
Bank overdrafts	(532,837)	514,798	-	-	(18,039)
Debt due after 1 year	(1,532,756)	1,723,484	(2,900,000)	185,130	(2,524,142)
Debt due within 1 year	(256,426)	-	-	(185,130)	(441,556)
Credit facility	(4,230,316)	296,327	-	-	(3,933,989)
	<u>(4,576,491)</u>	<u>1,048,410</u>	<u>(2,900,000)</u>	<u>-</u>	<u>(6,428,081)</u>

The notes on pages 16 to 38 form part of these financial statements.

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. Accounting policies

Standard Motor Products Holdings Limited (the 'company') and its subsidiary undertakings (the 'group') are limited liability companies incorporated and domiciled in the United Kingdom and Poland. The address of the company's registered office is disclosed on the company information page, for the Polish subsidiary the registered office address is disclosed in note 14.

The financial statements are prepared in Sterling (£), which is the functional currency of the group. The financial statements are prepared for the year ended 31 December 2019 (2018: year ended 31 December 2018).

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 2).

The following principal accounting policies have been applied:

##### 1.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The profit after tax of the parent company for the year was £1,257,020 (2018: £368,410 loss).

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. Accounting policies (continued)

##### 1.3 Coronavirus and going concern

At the balance sheet date, the group had a net cash balance of £471,606 (2018: £1,443,007) and a strong net current asset position of £6.3m (2018: £5.9m).

At the time of signing these accounts, the directors have considered the effect of the Coronavirus on the going concern position and consider that the group will continue to trade for a period of at least 12 months from the date of signing these accounts with the current level of funding available to it. The severity and length of the economic downturn is unknown due to the uncertainty of the social distancing measures enforced throughout Europe. As a result of these measures, the group has furloughed some employees in the UK due to the impact on trade and has received support from its bank in the form of additional facilities. The performance of the group is reviewed monthly, at the time of signing these accounts the company continues to deliver positive results and is forecast to remain on target for the next 12 months.

The group has maintained constant dialogue with the group's bankers throughout the Covid period; the bank have remained fully supportive of the group and approach of management.

On that basis, the directors have prepared these financial statements on a going concern basis.

##### 1.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

###### **Sale of goods**

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

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. Accounting policies (continued)

##### 1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Leasehold improvements	- 2% straight line or over the life of the lease
Plant and machinery & fixtures and fittings	- 10 - 25% straight line
Motor vehicles	- 10% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

At each reporting date the group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised as an expense where the carrying amount exceeds the recoverable amount.

##### 1.6 Intangible assets

###### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated statement of comprehensive income over its useful economic life. Its useful economic life was assessed as ten years from the date of transition to FRS 102.

###### Computer software

Computer software costs are initially recognised at cost. After recognition, under the cost model, computer software costs are measured at cost less any accumulated amortisation and any accumulated impairment losses. The computer software is considered to have a finite useful life of 10 years.

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. Accounting policies (continued)

##### 1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

##### 1.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

##### 1.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 1.10 Financial instruments

The group enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

Derivatives, including 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 the statement of comprehensive income as appropriate. The group does not currently apply hedge accounting for foreign exchange derivatives.

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. Accounting policies (continued)

##### 1.11 Pensions

###### Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

###### Defined benefit pension plan

The group operates a defined benefit plan for certain employees and the pension charge is based on the last actuarial valuation completed as at 30 September 2016, updated by an independent qualified actuary at 31 December 2019 using revised assumptions that are consistent with requirements of Financial Reporting Standard 102 section 28. The assets of the scheme are held separately from those of the group. From March 2001 the scheme was closed to new entrants.

In accordance with FRS 102, the regular service cost of providing retirement benefits to employees during the period, together with the cost of any benefits relating to past service is charged to operating profit in the period.

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

Re-measurements comprising actuarial gains and losses and the return on the net defined benefit asset (excluding amounts included in net interest) are recognised in other comprehensive income in the period in which they occur.

The defined net benefit pension asset in the balance sheet comprises the total 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.

The deferred tax as a result of the surplus within in the defined benefit pension scheme is included as a provision.

##### 1.12 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 1.13 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. Accounting policies (continued)

##### 1.14 Operating leases

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term.

##### 1.15 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

##### 1.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

##### 1.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated statement of comprehensive income in the year that the group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

The provision for warranty claims is based on a percentage of sales using historic claim data.



**STANDARD MOTOR PRODUCTS HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**1. Accounting policies (continued)**

**1.18 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the group operate and generate income.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only 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. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

## **STANDARD MOTOR PRODUCTS HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **2. Judgements in applying accounting policies and key sources of estimation uncertainty**

The directors make estimates and assumptions concerning the future as they are also required to exercise judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are addressed below:

##### **Impairment of tangible and intangible assets**

The directors assess the impairment of property, plant and equipment and intangible assets subject to amortisation or depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the manner of the use of the acquired assets; and
- Significant negative industry or economic trends.

##### **Depreciation, amortisation and residual values**

The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings, and have concluded that asset lives and residual values are appropriate.

##### **Carrying value of stocks**

The directors review the market value of and demand for its stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. The directors use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

##### **Recoverability of trade debtors**

Trade and other receivables are recognised to the extent that they are judged recoverable. Directors reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

The directors make allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the statement of comprehensive income.

##### **Provisions**

A provision is recognised when the group has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ and the director's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

## 2. Judgements in applying accounting policies (continued)

**Taxation**

There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due, and after taking appropriate professional advice.

The directors estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits.

**Defined benefit pension scheme**

The group has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount factor on corporate bonds. The directors estimate these factors in determining the net pension obligation on the balance sheet. The assumptions reflect historical experience and current trends. See note 25 for the disclosures relating to the defined benefit pension scheme.

## 3. Turnover

The whole of the turnover is attributable to the group's principal activity.

Turnover by geographical market has not been disclosed as the directors consider that such disclosure would be seriously prejudicial to the interests of the group.

## 4. Operating profit

The operating profit is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible fixed assets	657,171	702,925
Amortisation of intangible assets, including goodwill	27,227	(89,448)
Exchange differences	117,149	(18,141)
Loss on disposal of fixed assets	1,205	-
Operating lease expense	234,102	121,000

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

## 5. Auditor's remuneration

	2019 £	2018 £
Fees payable to the group's auditor for the audit of the group's annual financial statements	5,000	5,600
<b>Fees payable to the group's auditor in respect of:</b>		
Audit of accounts for associates of the group	26,000	29,100
Taxation compliance services	5,500	6,375
	<u>          </u>	<u>          </u>

## 6. Employees

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	5,089,656	5,273,664	-	-
Social security costs	622,422	508,260	-	-
Cost of defined benefit scheme	-	110,000	-	-
Cost of defined contribution scheme	168,133	233,011	-	-
	<u>5,880,211</u>	<u>6,124,935</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Production	129	93
Distribution	56	53
Administrative	49	38
	<u>234</u>	<u>184</u>

The company has no employees other than the directors, who were remunerated via a subsidiary company, Standard Motor Products Europe Limited.

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

## 7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	211,683	289,890
Company contributions to defined contribution pension schemes	16,844	17,206
	<u>228,527</u>	<u>307,096</u>

During the year retirement benefits were accruing to 1 director (2018: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £89,475 (2018: £178,306).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2018: £Nil).

## 8. Interest payable and similar charges

	2019 £	2018 £
Bank interest payable	<u>169,887</u>	<u>130,726</u>

## 9. Other finance costs

	2019 £	2018 £
Interest income on pension scheme assets	<u>(7,000)</u>	<u>5,000</u>

## 10. Dividends

	2019 £	2018 £
Dividends paid	<u>150,000</u>	<u>-</u>

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

## 11. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	58,075	330,000
Adjustments in respect of previous periods	(85,352)	(93,768)
<b>Total current tax</b>	<u>(27,277)</u>	<u>236,232</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	64,882	(23,227)
Adjustments in respect of previous periods	43,946	-
<b>Total deferred tax</b>	<u>108,828</u>	<u>(23,227)</u>
<b>Taxation on profit on ordinary activities</b>	<u>81,551</u>	<u>213,005</u>

**Factors affecting tax charge for the year**

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

	2019 £	2018 £
Profit on ordinary activities before tax	<u>1,113,129</u>	<u>1,442,544</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	211,495	274,083
<b>Effects of:</b>		
Non-tax deductible amortisation of negative goodwill	-	(19,000)
Expenses not deductible for tax purposes	7,245	636
Capital allowances for year in excess of depreciation	16,478	19,966
Enhanced tax relief in relation to research and development	(103,851)	-
Adjustments to corporation tax charge in respect of prior periods	(85,352)	(93,768)
Adjustments to deferred tax charge in respect of prior periods	43,946	-
Adjustment to prior year tax rates	-	1,487
Other differences	(8,410)	29,601
<b>Total tax charge for the year</b>	<u>81,551</u>	<u>213,005</u>

**Factors that may affect future tax charges**

As at 31 December 2019 the substantively enacted rate for deferred tax calculation purposes was 17% and deferred taxation has been calculated at this rate.

On the 11 March 2020 the Chancellor of the Exchequer announced that the tax rate reduction from 19% to 17% was no longer going to be implemented.

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

## 12. Intangible assets

## Group

	Computer software £	Goodwill £	Total £
<b>Cost</b>			
At 1 January 2019	50,745	(841,288)	(790,543)
Additions	314,882	-	314,882
Foreign exchange movement	(2,448)	-	(2,448)
At 31 December 2019	<u>363,179</u>	<u>(841,288)</u>	<u>(478,109)</u>
<b>Amortisation</b>			
At 1 January 2019	10,552	(841,288)	(830,736)
Charge for the year	27,227	-	27,227
Foreign exchange movement	(1,070)	-	(1,070)
At 31 December 2019	<u>36,709</u>	<u>(841,288)</u>	<u>(804,579)</u>
<b>Net book value</b>			
At 31 December 2019	<u>326,470</u>	<u>-</u>	<u>326,470</u>
At 31 December 2018	<u>40,193</u>	<u>-</u>	<u>40,193</u>

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

## 13. Tangible fixed assets

## Group

	Freehold property £	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 2019	2,126,666	485,093	3,141,045	74,868	5,827,672
Additions	-	131,509	746,462	22,938	900,909
Disposals	-	-	(44,164)	-	(44,164)
Foreign exchange movement	-	(6,689)	(32,037)	(3,785)	(42,511)
At 31 December 2019	<u>2,126,666</u>	<u>609,913</u>	<u>3,811,306</u>	<u>94,021</u>	<u>6,641,906</u>
<b>Depreciation</b>					
At 1 January 2019	132,000	124,196	1,358,547	4,261	1,619,004
Charge for the year	44,000	53,690	548,715	10,766	657,171
Disposals	-	-	(16,436)	-	(16,436)
Foreign exchange movement	-	(368)	(8,377)	(427)	(9,172)
At 31 December 2019	<u>176,000</u>	<u>177,518</u>	<u>1,882,449</u>	<u>14,600</u>	<u>2,250,567</u>
<b>Net book value</b>					
At 31 December 2019	<u>1,950,666</u>	<u>432,395</u>	<u>1,928,857</u>	<u>79,421</u>	<u>4,391,339</u>
At 31 December 2018	<u>1,994,666</u>	<u>360,897</u>	<u>1,782,498</u>	<u>70,607</u>	<u>4,208,668</u>



## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

## 14. Fixed asset investments

## Company

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 January and 31 December 2019	2,627,500
<b>Net book value</b>	
At 31 December 2019	2,627,500
At 31 December 2018	2,627,500

## Direct subsidiary undertaking

The following was a direct subsidiary undertaking of the company:

Name	Class of shares	Holding
Standard Motor Products Europe Limited	Ordinary	100%

## Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the company:

Name	Class of shares	Holding
Kerr Nelson Limited	Ordinary	100%
Fuel Parts UK Limited	Ordinary	100%
SMP Webcom Limited	Ordinary	100%
Lemark Auto Accessories Limited	Ordinary	100%
Four Seasons UK Limited	Ordinary	100%
Carol Cables Limited	Ordinary	100%
Blue Streak Europe Limited	Ordinary	100%
Injection Correction UK Limited	Ordinary	100%
Standard Motor Products Europe Sp.zo.o	Ordinary	100%

All subsidiary undertakings, except Standard Motor Products Europe Sp.zo.o, share the same registered office as Standard Motor Products Holdings Limited. Details can be found on the company information page.

The registered office of Standard Motor Products Europe Sp.zo.o is 129 Bolesława Chrobrego Street, 87-100 Toruń, NIP 7822688960, Regon 366708646.

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

## 15. Stocks

	Group 2019 £	Group 2018 £
Raw materials	3,677,741	2,325,614
Work in progress	366,557	-
Finished goods	4,910,217	3,968,276
	<u>8,954,515</u>	<u>6,293,890</u>

Stock recognised in raw materials and consumables during the year as an expense was £22,682,578 (2018: £22,773,791).

An impairment gain of £302,915 (2018: impairment loss of £394,538) was recognised in raw materials against stock during the year due to slow-moving and obsolete stock.

## 16. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	6,180,333	6,815,715	-	-
Amounts owed by group undertakings	-	-	86,605	12,714
Other debtors	1,480,356	549,821	363,549	-
Prepayments and accrued income	280,854	299,974	-	-
Financial instruments	-	183,627	-	-
	<u>7,941,543</u>	<u>7,849,137</u>	<u>450,154</u>	<u>12,714</u>

An impairment gain of £41,552 (2018: £12,996) was recognised against trade debtors.

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

## 17. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank overdrafts	18,039	532,837	18,039	80
Bank loans	441,556	256,426	441,556	256,426
Trade creditors	4,895,955	3,559,630	-	-
Credit facility	3,933,989	4,230,316	-	-
Amounts owed to group undertakings	-	-	-	808,734
Corporation tax	-	254,878	-	-
Other taxation and social security	158,268	186,341	-	-
Other creditors	729,536	604,307	-	-
Accruals and deferred income	914,391	576,114	28,816	22,900
Financial instruments	22,077	-	-	-
	<u>11,113,811</u>	<u>10,200,849</u>	<u>488,411</u>	<u>1,088,140</u>

The bank overdrafts are secured against all assets of the group.

The credit facility is secured over certain amounts included within trade debtors.

## 18. Creditors: Amounts falling due after more than one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	<u>2,524,142</u>	<u>1,532,756</u>	<u>2,524,142</u>	<u>1,532,756</u>

The bank loans are secured by a fixed and floating charge against all assets of the group.

The bank loans are repayable in installments to June 2024 and incur interest of 1.5% - 2.5% above WIBOR.

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

## 19. Loans

Analysis of the maturity of loans given below:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
<b>Amounts falling due within one year</b>				
Bank loans	441,556	256,426	441,556	256,426
<b>Amounts falling due 1-2 years</b>				
Bank loans	397,980	81,169	397,980	81,169
<b>Amounts falling due 2-5 years</b>				
Bank loans	2,126,162	1,451,587	2,126,162	1,451,587
	<u>2,965,698</u>	<u>1,789,182</u>	<u>2,965,698</u>	<u>1,789,182</u>

## 20. Financial instruments

	Group 2019 £	Group 2018 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	-	183,627
<b>Financial liabilities</b>		
Financial liabilities measured at fair value through profit or loss	22,007	-

Financial assets measured at fair value through profit or loss comprise of foreign exchange forward contracts.

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

## 21. Deferred taxation

## Group

	2019 £	2018 £
At beginning of year	48,687	71,914
Charged/(credited) to the statement of comprehensive income	108,828	(23,227)
Charged to other comprehensive income	22,440	-
<b>At end of year</b>	<b>179,955</b>	<b>48,687</b>
	<b>Group 2019 £</b>	<b>Group 2018 £</b>
Accelerated capital allowances	197,105	129,885
Other short term timing differences	(17,150)	(81,198)
	<b>179,955</b>	<b>48,687</b>

## 22. Provisions

## Group

	Warranty provision £
At 1 January 2019	102,452
Charged to the statement of comprehensive income	12,000
<b>At 31 December 2019</b>	<b>114,452</b>

## 23. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
550,086 (2018: 650,100) Ordinary shares of £0.0001 each	55	65

On 30 August 2019, the company repurchased and cancelled 100,014 Ordinary shares of £0.0001 each for a consideration of £1,063,278.

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**24. Reserves****Capital redemption reserve**

Following the re-purchase of shares by the company this is the nominal value of the re-purchased shares that are non-distributable to shareholders.

**Foreign exchange reserve**

Includes the movement in opening reserves of foreign subsidiaries due to foreign exchange rates.

**Merger reserve**

The difference between the cost of investment including the nominal value of the share capital and the fair value of assets and liabilities acquired on a business combination.

**Profit and loss account**

Included all current and prior period retained profits and losses.

**25. Capital commitments**

At 31 December 2019 the group and company had capital commitments as follows:

	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Company 2019 £</b>	<b>Company 2018 £</b>
Contracted for but not provided in these financial statements	58,720	-	-	-

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

## 26. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £168,133 (2018: £233,011).

The group also operates a defined benefit pension scheme.

The group participates in a defined benefit pension scheme to provide benefits to directors and employees. The defined benefit section was closed to new entrants and future accrual from March 2001. The scheme is set up under trust and its assets are therefore independent to those of the group. The related costs are assessed in accordance with advice of a professionally qualified actuary. The most recent actuarial valuation of the scheme, at 30 September 2016, has been updated by an independent qualified actuary at 31 December 2019 using revised assumptions that are consistent with requirements of Financial Reporting Standard 102 section 28. Investments have been valued, for this purpose, at fair value, including equities at the bid price.

	2019 £	2018 £
Fair value of plan assets	3,445,000	3,010,000
Present value of plan liabilities	(3,416,000)	(3,231,000)
<b>Net pension scheme asset/(liability)</b>	<b>29,000</b>	<b>(221,000)</b>

The amounts recognised in profit or loss are as follows:

	2019 £	2018 £
Administrative expenses	(2,000)	(1,000)
Net interest on obligation	(5,000)	5,000
Past service cost	-	(109,000)
<b>Total</b>	<b>(7,000)</b>	<b>(105,000)</b>

Reconciliation of fair value of plan liabilities were as follow:

	2019 £	2018 £
Opening defined benefit obligation	3,231,000	2,980,000
Interest cost	86,000	73,000
Actuarial losses	228,000	175,000
Past service costs	-	109,000
Benefits paid	(129,000)	(106,000)
<b>Closing defined benefit obligation</b>	<b>3,416,000</b>	<b>3,231,000</b>

## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

## 26. Pension commitments (continued)

Reconciliation of fair value of plan assets were as follows:

	2019 £	2018 £
Opening fair value of scheme assets	3,010,000	3,124,000
Expected return on plan assets	81,000	78,000
Actuarial gains/(losses)	360,000	(210,000)
Contributions by employer	125,000	125,000
Administration expenses	(2,000)	(1,000)
Benefits paid	(129,000)	(106,000)
	<u>3,445,000</u>	<u>3,010,000</u>

The cumulative amount of actuarial gains and losses recognised in the consolidated statement of comprehensive income was £1,131,000 (2018: £1,263,000).

The group expects to contribute £185,000 to its defined benefit pension scheme in 2020.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2019 %	2018 %
Discount rate	1.9	2.7
Expected return on scheme assets	1.9	2.7
Future pension increases	2.25	2.4
Mortality rates		
- for a male aged 65 now	21.5	21.9
- at 65 for a male aged 45 now	22.8	23.3
- for a female aged 65 now	23.4	23.9
- at 65 for a female member aged 45 now	<u>24.9</u>	<u>25.4</u>



## STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**27. Commitments under operating leases**

At 31 December 2019 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £
Not later than 1 year	261,816	273,469
Later than 1 year and not later than 5 years	746,688	109,944
	<u>1,008,504</u>	<u>383,413</u>

**28. Derivative financial commitments**

At 31 December 2019, the group had entered into contracts for the forward purchase of US Dollars for the contracted value of €3,600,000 (2018: €4,550,000). The group has also entered into contracts for the forward purchase of Sterling for the contracted value of €Nil (2018: €250,000). There were no transaction costs for these contracts.

The contracts mature between the months of January 2020 and June 2020.

**29. Related party transactions**

The group has taken advantage of the exemption available under FRS 102 Section 33.1A, not to disclose transactions with wholly owned subsidiary companies.

At the year end, £362,516 (2018: £Nil) was due from shareholders of the company and is included within other debtors. Interest is charged at 2.5% on £252,516 of the balance due. The balance has been paid in full post year end.

**30. Post balance sheet events**

Subsequent to the year end, there has been an outbreak of Coronavirus which has developed into a global pandemic. The directors have assessed what impact this may have on the group and although there is a high level of uncertainty about the extent and the timeframe of the virus on the global economy, they believe the group is strongly positioned to handle any downturn that may occur. The group has continued to trade through varying levels of lockdown in the UK and Poland.

**31. Controlling party**

The directors consider the company's ultimate controlling party to be I L Turner and M Turner.