

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022



STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

COMPANY INFORMATION

Directors

K Hudson
I L Turner
E Toomey
R L Toomey
J Turner
M Turner
M I Turner
M Armstrong

Registered number

09493614

Registered office

Little Oak Drive Sherwood Park
Annesley
Nottinghamshire
United Kingdom
NG15 0DR

Independent auditor

Cooper Parry Group Limited
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 2022

Introduction

The directors present their strategic report and the financial statements for the year ended 31 December 2022.

These financial statements represent the consolidated financial statements of Standard Motor Products Holdings Limited and its company only financial statements for the year ended 31 December 2022.

Business review

2022 sales continued at a good level in all sectors maintaining the trends experienced over the last few turbulent years. Margins recovered to normal levels as the business adapted to the changed trading conditions post Brexit and Covid. Overheads were generally well controlled, with some increases as the group increased investments in research and product design. This will ensure the group is able to solve the problems faced by customers as the vehicle car parc transitions to newer drive technologies. The group also began the process of moving away from our 20 year old information system to a modern ERP system. This is scheduled to come on-stream in 2024 and will improve data accuracy and processing efficiency.

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 uses 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 using the credit facility.

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 risk

In the prior period, the group moved its export packing and distribution business to their Poland facility so that all EU shipments were distributed from Poland instead of the UK. This allowed the group to reduce the Brexit risk and also ensured a more consistent and reliable delivery service to customers based in EU. The group also took significant Brexit advice from their accountants to support them through the transition.

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 2022

Financial key performance indicators

Sales in the year ended 31 December 2022 were £37.8m (2021: £37.7m), with gross profit of 23% (2021: 21%).

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

	2022	2021
Other operating charges	21.6%	20.6%

The directors are pleased with the year-end position of the group with net assets of £8.1m.

The group has continued to demonstrate good profitability in the period and will focus on improving sales, profitability and cash position in 2023.

Trading outlook

Our product range continues to expand to meet the needs of our markets and the changing nature of the car parc. 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.

The trading outlook for 2023 is good. Inflation has caused pressure on raw material and labour costs, which has created some costing and pricing challenges for the entire automotive aftermarket. We believe that the group will be able to maintain margins despite these challenges.

Our products are most often distress purchases for the end customer which has allowed the business sales to be resilient to overall economic factors and the company is well set to cope with the continuing commercial challenges. The business has a strong balance sheet, a talented and flexible workforce and infrastructure.

We are confident that the group is well positioned to cope with the challenges of 2023, and to take advantage of the opportunities that will present themselves in the fast-changing automotive market of the future.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Directors' statement of compliance with duty to promote the success of the group (section 172(1) statement)

The directors have acted in the way they consider, in good faith, promotes the success of the group for the benefit of its members as a whole, and in doing so have given regard to (amongst other matters):

Business relationships

Having trading for over 50 years, the need to build strong long standing relationships with both our clients and suppliers is paramount to the success of the group and its longevity. We continually develop strategies to maintain and grow our client base and further improve relationships with our suppliers. With respect to suppliers the group's policy for the payment of suppliers is to agree to terms of payment in advance in line with normal trade practices and, provided a supplier performs in accordance with the agreement, to abide by such terms.

Our people

The group is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, shareholders, communities and society as a whole. People are at the heart of delivering quality specialist services both internally and externally. For our business to continue to succeed we continually manage our peoples performance and develop and bring through talent while ensuring we operate as efficiently as possible.

Disabled employees

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the period, the policy of providing employees with information about the group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Community, charity and environment

The group's approach is to use our long standing position to create positive change for the people and communities we interact with through a number of initiatives. We run a program annually where our employees get the opportunity to support local charities by volunteering our time and carrying out fundraising days to raise awareness of the causes we value. In addition, we are proud to support our local schools and partner with universities by offering work experience programmes to promote social wellbeing and invest in young talent.

Culture and values

The group recognises the importance of having the right corporate culture. Our long term success depends on achieving our strategic goals the right fair way, so we look after the best interests of our shareholders, clients, people, suppliers and other stakeholders. During the year, through the use of client and employee engagement we created a new long term vision and identified 5 core values that govern how we act as a business.

Shareholders

The management is committed and openly engaged with our Shareholders through regular Board Meetings and effective dialogue. The shareholders, some of which are also directors, are actively engaged in understanding our strategy, culture, people and the performance of our shared objectives for the short, mid and longer terms.

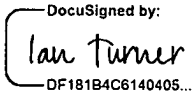
Political donations

The group does not make any donations to any political party or organisation.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

DocuSigned by:

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I L Turner
Director

Date: 28 September 2023

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 £406,675 (2021: £126,830).

During the year, the group paid dividends of £483,000 (2021: £351,000).

Directors

The directors who served during the year were:

K Hudson
I L Turner
E Toomey
R L Toomey
J Turner
M Turner
M I Turner
M Armstrong

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Streamlined Energy and Carbon Reporting (SECR)

The SECR disclosure presents our carbon footprint within the United Kingdom across Scope 1 & 2 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency action summary taken during the relevant financial year.

The group has taken the exemption available to it to not include subsidiary companies who in their own right are not obliged to report under SECR regulations. The below review therefore only relates to UK based group companies.

No comparatives are presented as the company was not required to present this information in the prior year.

UK greenhouse gas emissions and energy use data for the period 1 January 2022 to 31 December 2022:

	2022
Total energy use covering electricity, gas and transport (kWh)	702,459
Scope 1	
Total emissions generated through combustion of gas and fuel from transport in metric tonnes CO ₂ e	71
Scope 2	
Purchased electricity in metric tonnes CO ₂ e	66
Total gross emissions in metric tonnes CO₂e	137

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol - Corporate Standard and have used the 2022 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per production hour which has been calculated at 0.00074.

Measures taken to improve energy efficiency

As part of the group's ISO14001 accreditation, we have a commitment and policy of ongoing improvements to be as efficient as possible with all energy use.

Matters covered in the Group strategic report

The group has chosen in accordance with section 414C(11) of the Companies Act 2006 (strategic report and directors' report) Regulations 2013 to set out in the group's strategic report information required by the large and medium-sized companies and groups (accounts and reports) Regulations Schedule 7 to be contained in the directors' report.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

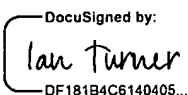
**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

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: 28 September 2023

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 2022, which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements 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 2022 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

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

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

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

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

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

Other information

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

We have nothing to report in this regard.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

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

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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our assessment focussed on key laws and regulations the group has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- obtaining an understanding of the legal and regulatory framework applicable to the group and how the group is complying with that framework;
- obtaining an understanding of the group's policies and procedures and how the group has complied with these, through discussions;
- making enquiries with the auditors of the overseas subsidiary company;
- designing our audit procedures to respond to our risk assessment; and
- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.

To address the risk of fraud through management bias and override of controls, we conducted the following procedures:

- tested journal entries to identify any non-routine or unusual transactions outside the course of ordinary business;
- assessed whether judgements and assumptions made in determining any accounting estimates (as seen in note 2) were indicative of potential bias; in particular the carrying value of stocks and the valuation of the defined benefit pension scheme;
- investigated the rationale behind significant or unusual transactions;
- reviewed descriptions of certain nominal codes for indication of any management override; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

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

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreed financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims;
- reviewing legal and professional expenses; and
- reading the minutes of meetings of those charged with governance.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

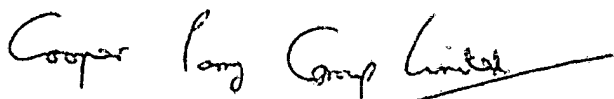
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

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

Statutory Auditor

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

Date: 28 September 2023

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	3	37,786,497	37,729,210
Cost of sales		(28,914,761)	(29,695,938)
Gross profit		<u>8,871,736</u>	<u>8,033,272</u>
Distribution costs		(1,843,090)	(1,863,485)
Administrative expenses		(6,200,426)	(6,276,406)
Other operating income	4	2,233	306,221
Fair value movements on foreign exchange contracts		(116,126)	75,888
Operating profit	5	<u>714,327</u>	<u>275,490</u>
Interest receivable and similar income		-	2,771
Interest payable and similar charges	9	(273,639)	(206,366)
Other finance income/(expense)	26	9,000	(11,000)
Profit before taxation		<u>449,688</u>	<u>60,895</u>
Tax on profit	11	(43,013)	65,935
Profit for the financial year		<u><u>406,675</u></u>	<u><u>126,830</u></u>
Other comprehensive income for the year			
Currency translation differences		34,317	(29,045)
Actuarial (losses)/gains on defined benefit pension scheme	26	(285,000)	324,000
Movement in deferred tax relating to actuarial gain on pension scheme	21	71,250	(61,560)
Other comprehensive income for the year		<u>(179,433)</u>	<u>233,395</u>
Total comprehensive income for the year		<u><u>227,242</u></u>	<u><u>360,225</u></u>

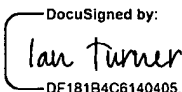
The notes on pages 20 to 44 form part of these financial statements.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED
REGISTERED NUMBER: 09493614

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible fixed assets	12	959,374	724,831
Tangible fixed assets	13	3,577,708	3,857,514
		<u>4,537,082</u>	<u>4,582,345</u>
Pension asset		452,000	651,000
Current assets			
Stocks	15	12,573,189	13,723,694
Debtors: amounts falling due after more than one year	16	19,602	18,930
Debtors: amounts falling due within one year	16	8,955,360	10,435,349
Cash at bank and in hand		20,444	55,792
		<u>21,568,595</u>	<u>24,233,765</u>
Creditors: amounts falling due within one year	17	<u>(14,038,651)</u>	<u>(17,528,345)</u>
Net current assets		<u>7,529,944</u>	<u>6,705,420</u>
Total assets less current liabilities		<u>12,519,026</u>	<u>11,938,765</u>
Creditors: amounts falling due after more than one year	18	<u>(3,825,607)</u>	<u>(2,977,499)</u>
Provisions for liabilities			
Deferred taxation	21	(435,867)	(449,189)
Other provisions	22	(134,394)	(133,161)
Net assets		<u><u>8,123,158</u></u>	<u><u>8,378,916</u></u>
Capital and reserves			
Called up share capital	23	55	55
Capital redemption reserve	24	45	45
Foreign exchange reserve	24	11,648	(22,669)
Merger reserve	24	4,879,641	4,879,641
Profit and loss account	24	3,231,769	3,521,844
Shareholders' funds		<u><u>8,123,158</u></u>	<u><u>8,378,916</u></u>

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

DocuSigned by:
I L Turner 
 DF181B4C6140405...
 Director

Date: 28 September 2023

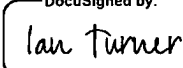
The notes on pages 20 to 44 form part of these financial statements.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED
REGISTERED NUMBER: 09493614

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	14	2,627,500	2,627,500
Current assets			
Debtors	16	14,083	324,834
Cash at bank and in hand		564	100
		<u>14,647</u>	<u>324,934</u>
Creditors: amounts falling due within one year	17	<u>(438,406)</u>	<u>(2,249,371)</u>
Net current liabilities		<u>(423,759)</u>	<u>(1,924,437)</u>
Total assets less current liabilities		<u>2,203,741</u>	<u>703,063</u>
Creditors: amounts falling due after more than one year	18	<u>(2,133,940)</u>	<u>(502,119)</u>
Net assets		<u><u>69,801</u></u>	<u><u>200,944</u></u>
Capital and reserves			
Called up share capital	23	55	55
Capital redemption reserve	24	45	45
Profit and loss account	24	<u>69,701</u>	<u>200,844</u>
Shareholders' funds		<u><u>69,801</u></u>	<u><u>200,944</u></u>

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

DocuSigned by:

 DF181B4C6140405...

I L Turner

Director

Date: 28 September 2023

The notes on pages 20 to 44 form part of these financial statements.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Capital redemption reserve	Foreign exchange reserve	Merger reserve	Profit and loss account	Shareholders' funds
	£	£	£	£	£	£
At 1 January 2022	55	45	(22,669)	4,879,641	3,521,844	8,378,916
Profit for the year	-	-	-	-	406,675	406,675
Currency translation differences	-	-	34,317	-	-	34,317
Actuarial losses on pension scheme	-	-	-	-	(285,000)	(285,000)
Movement in deferred tax relating to actuarial loss on pension scheme	-	-	-	-	71,250	71,250
Dividends paid	-	-	-	-	(483,000)	(483,000)
At 31 December 2022	55	45	11,648	4,879,641	3,231,769	8,123,158

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Capital redemption reserve	Foreign exchange reserve	Merger reserve	Profit and loss account	Shareholders' funds
	£	£	£	£	£	£
At 1 January 2021	55	45	6,376	4,879,641	3,483,574	8,369,691
Profit for the year	-	-	-	-	126,830	126,830
Currency translation differences	-	-	(29,045)	-	-	(29,045)
Actuarial gains on pension scheme	-	-	-	-	324,000	324,000
Movement in deferred tax relating to actuarial gain on pension scheme	-	-	-	-	(61,560)	(61,560)
Dividends paid	-	-	-	-	(351,000)	(351,000)
At 31 December 2021	55	45	(22,669)	4,879,641	3,521,844	8,378,916

The notes on pages 20 to 44 form part of these financial statements.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Capital redemption reserve	Profit and loss account	Shareholders' funds
	£	£	£	£
At 1 January 2022	55	45	200,844	200,944
Profit for the year	-	-	351,857	351,857
Dividends paid	-	-	(483,000)	(483,000)
At 31 December 2022	55	45	69,701	69,801

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Capital redemption reserve	Profit and loss account	Shareholders' funds
	£	£	£	£
At 1 January 2021	55	45	241,921	242,021
Profit for the year	-	-	309,923	309,923
Dividends paid	-	-	(351,000)	(351,000)
At 31 December 2021	55	45	200,844	200,944

The notes on pages 20 to 44 form part of these financial statements.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	406,675	126,830
Adjustments for:		
Amortisation of intangible assets	2,258	(67,232)
Depreciation of tangible assets	604,295	726,983
Government grants	(83,713)	(286,380)
Interest payable	273,639	217,366
Interest receivable	-	(2,771)
Taxation charge/(credit)	43,013	(65,935)
Decrease/(increase) in stocks	1,150,505	(4,633,846)
Decrease/(increase) in debtors	1,158,444	(172,403)
(Decrease)/increase in creditors	(1,037,556)	1,365,225
Financial instruments movement recognised in statement of comprehensive income	116,126	(75,888)
Corporation tax received	259,900	27,427
Difference between defined benefit pension charge and contributions made	(86,000)	(125,000)
Increase in warranty provision	1,233	23,672
Net cash generated from / (utilised in) operating activities	2,808,819	(2,941,952)
Cash flows from investing activities		
Purchase of intangible fixed assets	(234,543)	(312,707)
Purchase of tangible fixed assets	(302,180)	(622,407)
Interest received	-	2,771
Net cash utilised in investing activities	(536,723)	(932,343)
Cash flows from financing activities		
Repayment of bank loans	(880,892)	(754,650)
Repayment of other loans	(56,823)	(94,719)
Dividends paid	(483,000)	-
Interest paid	(273,639)	(206,366)
(Decrease)/increase in credit facility	(613,376)	3,846,198
Net cash (utilised in) / generated from financing activities	(2,307,730)	2,790,463
Net decrease in cash and cash equivalents	(35,634)	(1,083,832)

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Cash and cash equivalents at the beginning of the year	55,717	1,140,591
Foreign exchange gains and losses	361	(1,042)
Cash and cash equivalents at the end of the year	20,444	55,717
Cash and cash equivalents at the end of the year comprise:		
Cash at bank and in hand	20,444	55,792
Bank overdrafts	-	(75)
	20,444	55,717

The notes on pages 20 to 44 form part of these financial statements.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2022

	At 1 January 2022 £	Cash flows £	Other non- cash changes £	At 31 December 2022 £
Cash at bank and in hand	55,792	(35,348)	-	20,444
Bank overdrafts	(75)	75	-	-
Debt due after 1 year	(2,977,499)	-	(848,108)	(3,825,607)
Debt due within 1 year	(2,838,604)	1,021,428	848,108	(969,068)
Credit facility	(4,738,842)	613,376	-	(4,125,466)
	<u>(10,499,228)</u>	<u>1,599,531</u>	<u>-</u>	<u>(8,899,697)</u>

The notes on pages 20 to 44 form part of these financial statements.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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, and 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 2022 (2021: year ended 31 December 2021).

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis 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 company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

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 acquire'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 re consolidated from the date control ceases.

1.3 Going concern

At the balance sheet date the group had net assets of £8,123,158 and net current assets of £7,529,944.

At the time of signing these accounts, the directors have considered the going concern position of the group and consider that the group will continue to trade for a period of at least 12 months from the date of signing these accounts within the current agreed funding facilities, which consist of a credit facility and bank loans. The performance of the group is reviewed monthly, and at the time of signing these accounts group has headroom available within the current facilities and is continuing to deliver positive results. However, with the prevailing macroeconomic environment and the current Bank of England interest rates, the covenants linked to debt service are forecast to have reducing headroom, the directors are monitoring these closely and taking action to increase headroom.

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

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

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.

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 the statement of comprehensive income during the period in which they are incurred.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Property 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.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

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 statement of comprehensive income over its useful economic life of 20 years.

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 5 years.

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. Investments are reviewed annually for signs of impairment. In an impairment loss is identified, this is recognised immediately in the statement of comprehensive income and the value of the investment reduced accordingly.

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 consolidated 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.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

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 consolidated statement of comprehensive income in finance costs or income as appropriate. The group does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 31 December 2021, updated by an independent qualified actuary at 31 December 2022 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 statement of comprehensive income 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.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

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.

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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'administrative expenses'.

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.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

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.

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.

1.19 Government grants

Grants of a revenue nature are recognised in the consolidated statement of comprehensive income in the same period as the related expenditure. Government grants relate to the receipt of Coronavirus Job Retention Scheme income which is recognised within other operating income in the period to which it relates.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 judgement in the process of applying the group's accounting policies. Estimates and judgements 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 tangible 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 plant and machinery, 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 group'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 allowances 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 2022

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 26 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. Other operating income

	2022 £	2021 £
Government grants receivable	2,233	306,221

Government grants receivable relate to income received under the Coronavirus Job Retention Scheme and the Polish Government.

5. Operating profit

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

	2022 £	2021 £
Depreciation of tangible fixed assets	604,295	726,983
Amortisation of intangible fixed assets	2,258	(67,232)
Exchange differences	23,099	562,984
Other operating lease rentals	238,527	238,836

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**6. Auditor's remuneration**

During the year, the group obtained the following services from the company's auditor:

	2022 £	2021 £
Fees payable to the group's auditor and its associates for the audit of the consolidated financial statements	5,000	5,000
Fees payable to the group's auditor and its associates in respect of:		
Audit of accounts of subsidiaries of the group	39,050	36,450
Taxation compliance services	6,500	5,900
	<u>50,550</u>	<u>47,350</u>

The audit fee for the group is borne by the subsidiary company.

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	5,038,811	4,502,731	-	-
Social security costs	659,884	588,012	-	-
Pension costs	286,800	124,085	-	-
	<u>5,985,495</u>	<u>5,214,828</u>	<u>-</u>	<u>-</u>

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

	2022 No.	2021 No.
Production	125	113
Distribution	35	32
Administrative	79	61
	<u>239</u>	<u>206</u>

The company has no employees other than the directors, some of which are 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 2022**8. Directors' remuneration**

	2022 £	2021 £
Directors' emoluments	449,257	383,716
Group contributions to defined contribution pension schemes	111,363	22,379
	<u>560,620</u>	<u>406,095</u>

During the year retirement benefits were accruing to 6 directors (2021: 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £153,196 (2021: £121,793).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,485 (2021: £10,129).

9. Interest payable and similar charges

	2022 £	2021 £
Bank interest payable	273,639	206,366
Other loan interest payable	11,824	-
Loans from group undertakings	(11,824)	-
	<u>273,639</u>	<u>206,366</u>

10. Dividends

	2022 £	2021 £
Dividends paid	<u>483,000</u>	<u>351,000</u>

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	(107,793)	(276,354)
Adjustments in respect of previous periods	26,597	(53,003)
Foreign tax on income for the year	66,281	57,052
Total current tax	<u>(14,915)</u>	<u>(272,305)</u>
Deferred tax		
Origination and reversal of timing differences	26,613	101,323
Adjustments in respect of previous periods	31,315	36,333
Effect of tax rate change on opening balance	-	68,714
Total deferred tax	<u>57,928</u>	<u>206,370</u>
Taxation on profit on ordinary activities	<u>43,013</u>	<u>(65,935)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>449,688</u>	<u>60,895</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	85,441	11,570
Effects of:		
Expenses not deductible for tax purposes	(11,544)	(6,195)
Capital allowances for year in excess of depreciation	14,019	10,478
Enhanced tax relief in relation to research and development	(127,847)	(141,718)
Losses carried back	-	16,850
Adjustments to corporation tax charge in respect of prior periods	26,597	(53,003)
Adjustments to deferred tax charge in respect of prior periods	31,315	36,333
Foreign tax differences	6,761	(55,571)
Unrelieved tax losses carried forward	19,102	-
Adjustment for change in tax rates	(831)	115,321
Total tax charge for the year	<u>43,013</u>	<u>(65,935)</u>

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Taxation (continued)

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023. This was substantively enacted on 24 May 2021.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at the balance sheet date. As such, the deferred tax rate applicable at 31 December 2022 and 2021 is 25% and deferred tax has been calculated using this rate.

12. Intangible assets

Group

	Computer software £	Goodwill £	Total £
Cost			
At 1 January 2022	782,479	(841,288)	(58,809)
Additions	234,543	-	234,543
Foreign exchange movement	1,900	-	1,900
At 31 December 2022	1,018,922	(841,288)	177,634
Amortisation			
At 1 January 2022	57,648	(841,288)	(783,640)
Charge for the year	2,258	-	2,258
Foreign exchange movement	(358)	-	(358)
At 31 December 2022	59,548	(841,288)	(781,740)
Net book value			
At 31 December 2022	959,374	-	959,374
At 31 December 2021	724,831	-	724,831

£959,069 (2021: £724,526) of computer software assets have not been amortised as the assets are not yet in use.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13. Tangible fixed assets

Group

	Freehold property £	Property improvements £	Plant and machinery & fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 January 2022	2,126,666	649,777	4,442,336	159,955	7,378,734
Additions	-	-	291,266	10,914	302,180
Disposals	-	-	(3,995)	-	(3,995)
Exchange adjustments	-	8,335	33,885	5,876	48,096
At 31 December 2022	2,126,666	658,112	4,763,492	176,745	7,725,015
Depreciation					
At 1 January 2022	211,200	303,336	2,961,408	45,276	3,521,220
Charge for the year	17,600	56,855	507,465	22,375	604,295
Disposals	-	-	(3,995)	-	(3,995)
Exchange adjustments	-	2,031	21,315	2,441	25,787
At 31 December 2022	228,800	362,222	3,486,193	70,092	4,147,307
Net book value					
At 31 December 2022	1,897,866	295,890	1,277,299	106,653	3,577,708
At 31 December 2021	1,915,466	346,441	1,480,928	114,679	3,857,514

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2022	2,627,500
At 31 December 2022	2,627,500
Net book value	
At 31 December 2022	2,627,500
At 31 December 2021	2,627,500

Direct subsidiary undertaking

The following was a direct subsidiary undertaking of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Standard Motor Products Europe Limited	England & Wales	Manufacture and distribution of automotive components	Ordinary	100%

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Fixed asset investments (continued)

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Kerr Nelson Limited	Scotland	Dormant	Ordinary	100%
Fuel Parts UK Limited	England & Wales	Dormant	Ordinary	100%
SMP Webcom Limited	England & Wales	Dormant	Ordinary	100%
Lemark Auto Accessories Limited	England & Wales	Dormant	Ordinary	100%
Four Seasons UK Limited	England & Wales	Dormant	Ordinary	100%
Carol Cables Limited	England & Wales	Dormant	Ordinary	100%
Blue Streak Europe Limited	England & Wales	Dormant	Ordinary	100%
Injection Correction UK Limited	England & Wales	Dormant	Ordinary	100%
Standard Motor Products Europe Sp.zo.o	Poland	Manufacture and distribution of automotive components	Ordinary	100%

All subsidiary undertakings, except Kerr Nelson Limited and 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 Kerr Nelson Limited is C/O Thomas Barrie & Co Llp Atlantic House, 1a Cadogan Street, Glasgow, G2 6QE.

The registered office of Standard Motor Products Europe Sp.zo.o is 129 Boleslaw Chrobrego Street, 87100 Torun, NIP 7822688960, Regon 366708646.

15. Stocks

	Group 2022 £	Group 2021 £
Raw materials and consumables	3,223,426	2,571,937
Finished goods and goods for resale	9,349,763	11,151,757
	<u>12,573,189</u>	<u>13,723,694</u>

An impairment gain of £217,462 (2021: impairment gain of £318,190) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

16. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Due after more than one year				
Prepayments and accrued income	19,602	18,930	-	-
	<u>19,602</u>	<u>18,930</u>	<u>-</u>	<u>-</u>
	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Due within one year				
Trade debtors	7,119,870	7,689,587	-	-
Amounts owed by group undertakings	-	-	13,483	281,945
Other debtors	1,606,363	2,417,107	600	11,574
Prepayments and accrued income	229,127	252,767	-	-
Deferred taxation	-	-	-	31,315
Financial instruments	-	75,888	-	-
	<u>8,955,360</u>	<u>10,435,349</u>	<u>14,083</u>	<u>324,834</u>

An impairment loss of £13,560 (2021: impairment gain of £864) was recognised in administrative expenses due to irrecoverable trade debtors.

Amounts owed by group undertakings are repayable on demand and interest is charged at 3%.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

17. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank overdrafts	-	75	-	75
Bank loans	882,384	2,695,097	182,384	1,995,097
Other loans	86,684	143,507	-	-
Trade creditors	5,543,341	6,809,714	-	-
Credit facility	4,125,466	4,738,842	-	-
Amounts owed to group undertakings	-	-	62,328	-
Other taxation and social security	571,143	415,493	-	-
Other creditors	1,271,528	1,183,926	160,456	225,813
Accruals and deferred income	1,517,867	1,541,691	33,238	28,386
Financial instruments	40,238	-	-	-
	<u>14,038,651</u>	<u>17,528,345</u>	<u>438,406</u>	<u>2,249,371</u>

See note 19 for terms of bank loans and other loans.

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

Amounts owed to group undertakings are interest free and repayable on demand.

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	3,825,607	2,893,786	2,133,940	502,119
Other loans	-	83,713	-	-
	<u>3,825,607</u>	<u>2,977,499</u>	<u>2,133,940</u>	<u>502,119</u>

See note 19 for terms of bank loans and other loans.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

19. Loans

Analysis of the maturity of loans is given below:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Amounts falling due within one year				
Bank loans	882,384	2,695,097	182,384	1,995,097
Other loans	86,684	143,507	-	-
Amounts falling due 1-2 years				
Bank loans	2,833,940	1,202,119	2,133,940	502,119
Other loans	-	83,713	-	-
Amounts falling due 2-5 years				
Bank loans	991,667	1,691,667	-	-
	<u>4,794,675</u>	<u>5,816,103</u>	<u>2,316,324</u>	<u>2,497,216</u>

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

Included within bank loans are loans which are repayable in instalments to October 2025 and October 2024 and incur interest at 8.64% and 8.43%.

Also included within bank loans is a bank loan which is repayable in instalments to May 2026 and incurs interest at 2.95% above the Bank of England base rate.

Other loans are repayable in instalments by August 2023. No interest is charged on this amount.

20. Financial instruments

	Group 2022 £	Group 2021 £
Financial assets		
Financial assets measured at fair value through profit or loss	-	75,888
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss	40,238	-

Financial assets and liabilities 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 2022

21. Deferred taxation

Group

	2022 £	2021 £
At beginning of year	449,189	181,259
Charged to the consolidated statement of comprehensive income	57,928	206,370
Charged/(credited) to other comprehensive income	(71,250)	61,560
At end of year	435,867	449,189

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Accelerated capital allowances	368,390	332,022	-	-
Short term timing differences	(45,523)	(14,268)	-	-
Other deductions	-	(31,315)	-	(31,315)
Defined benefit pension scheme	113,000	162,750	-	-
	435,867	449,189	-	(31,315)

22. Provisions

Group

	Warranty provision £
At 1 January 2022	133,161
Charged to the statement of comprehensive income	1,233
At 31 December 2022	134,394

23. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
385,046 (2021: 440,062) A Ordinary shares of £0.0001 each	38	44
165,040 (2021: 110,024) B Ordinary shares of £0.0001 each	17	11
	55	55

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**23. Share capital (continued)**

On 27 September 2022 55,016 A Ordinary shares of £0.0001 each were redesignated as B Ordinary shares of £0.0001 each.

All shares rank pari passu.

24. Reserves**Capital redemption reserve**

Following the re-purchase of shares by the company this is the nominal value of the re-purchased shares.

Foreign exchange reserve

The 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

The profit and loss accounts includes all current and prior period retained profits and losses less dividends paid.

25. Capital commitments

At 31 December 2022 the group had capital commitments as follows:

	Group 2022 £	Group 2021 £
Contracted for but not provided in these financial statements	61,121	7,939

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

26. Pension commitments

Defined contribution pension

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 represents contributions payable by the group to the fund and amounted to £286,800 (2021: £124,085).

Defined benefit pension

The group also 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 31 December 2021, has been updated by an independent qualified actuary at 31 December 2022 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.

	2022 £	2021 £
Fair value of plan assets	2,599,000	3,962,000
Present value of plan liabilities	(2,147,000)	(3,311,000)
Net pension scheme asset	452,000	651,000

The amounts recognised in the statement of comprehensive income are as follows:

	2022 £	2021 £
Administrative expenses	(4,000)	(15,000)
Net interest	13,000	4,000
Total	9,000	(11,000)

Reconciliation of fair value of plan liabilities were as follows:

	2022 £	2021 £
Opening defined benefit obligation	3,311,000	3,686,000
Actuarial gains	(1,086,000)	(251,000)
Interest cost	62,000	43,000
Benefits paid	(140,000)	(167,000)
Closing defined benefit obligation	2,147,000	3,311,000

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

26. Pension commitments (continued)

Reconciliation of fair value of plan assets were as follows:

	2022 £	2021 £
Opening fair value of scheme assets	3,962,000	3,899,000
Expected return on plan assets	75,000	47,000
Contributions by employer	77,000	125,000
Actuarial (losses)/gains	(1,371,000)	73,000
Administration expenses	(4,000)	(15,000)
Benefits paid	(140,000)	(167,000)
	<u>2,599,000</u>	<u>3,962,000</u>

The amount of actuarial losses recognised in the statement of comprehensive income was £285,000 (2021: gains of £324,000). The company expects to contribute £75,000 to the defined benefit pension scheme in 2023.

The morality assumptions for the scheme liabilities at 31 December 2022 have been based on the S2PA base tables (CMI 2018 morality projections Sk=7) and include a long term rate of improvement of 1.25%.

The actuarial valuation as at 31 December 2022 assumes that 100% of members will commute the maximum amount of pension for cash at retirement.

Composition of plan assets:

	2022 £	2021 £
Equities	692,000	1,438,000
Property	48,000	97,000
Bonds	1,680,000	2,124,000
Cash	179,000	303,000
	<u>2,599,000</u>	<u>3,962,000</u>

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**26. Pension commitments (continued)**

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

	2022	2021
	%	%
Discount rate	4.75	1.90
Expected return on scheme assets	2.65	3.05
Future pension increases	3.15	3.55
Mortality rates		
- for a male aged 65 now	21.7	21.6
- at 65 for a male aged 45 now	23.1	23.0
- for a female aged 65 now	23.6	23.5
- at 65 for a female member aged 45 now	25.2	25.1

27. Commitments under operating leases

At 31 December 2022 the group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022	Group 2021
	£	£
Not later than 1 year	243,024	229,565
Later than 1 year and not later than 5 years	345,925	325,033
	<u>588,949</u>	<u>554,598</u>

28. Derivative financial commitments

At 31 December 2022, the group had entered into contracts for the forward purchase of US Dollars for the contracted value of €5,865,355 (2021: €1,200,000).

The contracts mature between the months of January 2023 and December 2023.

STANDARD MOTOR PRODUCTS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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, £Nil (2021: £11,754) was due from a shareholder of the company and is included within other debtors. Interest is charged at 2.5% on £Nil (2021: £11,574) of the balance due.

At the year end, £160,456 (2021: £225,813) was due to certain shareholders of the company and is included within other creditors. No interest is charged on the balance.

Key management personnel remuneration was £566,621 (2021: £527,633).

During the year dividends totalling £443,000 (2021: £321,000) were paid to certain directors of the company and dividends totalling £40,000 (2021: £30,000) were paid to a trust of which certain close family members of a director are beneficiaries.

30. Controlling party

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