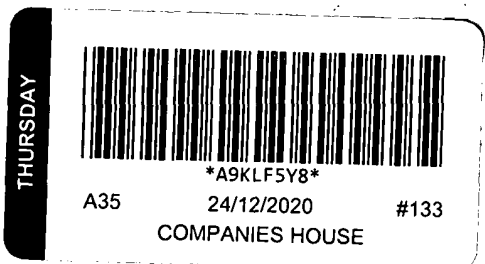


DTR VMS Limited
Annual report and financial statements
for the year ended 31 December 2019

Registered number: 06703842



DTR VMS Limited

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DTR VMS Limited

Company information

Directors	Mr Sang Hun Kim Mr In Hwan Kim Mr Bong Hwan Kim
Company secretary	Mr ChangHoon Ha
Registered number	06703842
Registered office	DTR VMS Limited Aintree Avenue White Horse Business Park Trowbridge Wiltshire BA14 0XB
Independent auditors	PricewaterhouseCoopers LLP Statutory Auditors 2 Glass Wharf Bristol BS2 0FR

DTR VMS Limited

Strategic report

This strategic report has been prepared for DTR VMS Limited as a whole and therefore gives greater emphasis to those matters which are significant to DTR VMS Limited and its subsidiary undertaking.

Review of the business

The trading performance of the Group for 2019 has deteriorated compared with the 2018 result. The Group achieved a profit before taxation of £1,292,000 (2018: profit of £5,260,000 including the profit on the sale of Turkish land and buildings of £3,521,000). Turnover has decreased by 5% with a significant reduction in product sales not being offset by additional development income. 2019 saw no significant increases in raw material commodity prices but we have seen significant cost savings by resourcing raw material suppliers to Turkey.

The financial position of the Group has improved since 2018, with net assets now at £21,061,000 (2018: £20,853,000). Although the currency market has remained volatile throughout 2019 and there is still uncertainty regarding Brexit, there has been little impact as a result of the pound sterling versus euro movements as we look to match Euro sales with Euro purchases.

The bank loan has been reduced from £5,500,000 at the end of 2018 to £2,500,000 at the end of 2019.

Investment in DTR Turkey, which is consolidated within these financial statements, has been limited to the commitment to purchase a small parcel of industrial land near Bursa. The sale of the existing factory and land was completed in July 2019.

Key performance indicators

The key performance indicators (KPIs) used by the Company to monitor its performance are operating profit percentage and average turnover per employee.

	2019	2018
Operating profit percentage Excl. Exceptional Items	3.3%	4.3%
Average number of employees	240	275
Turnover per employee (£'000)	167	154

The Group continued to make some progress in the year towards its profit objectives.

Operating profit percentage has decreased despite Gross Margin holding up with a reduced sales turnover. The reduction is predominately due to prior year tax adjustments affecting other operating income. Administrative costs were practically identical year on year. We will continue the drive to reduce costs further into 2020 as we expect further sales reductions and continued volatility as a result of Brexit and diesel emissions uncertainty.

The average number of employees has decreased by 35 year-on-year with further reductions expected in 2020. Although sales have dropped, the amount of product manufactured in the UK (compared with pass-through items) continues to increase. Retaining quality staff is important to maintain quality and minimise disruption.

The turnover per employee number was expected to improve despite the sales reduction and continued change in manufacturing / pass-through product mix. Again, we would expect to see an increase in 2020 with reduced sales and heads but increased UK manufacturing.

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs, other than turnover and profit as discussed above, is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

2019 product sales decreased by over 10% as a result of continued issues at JLR globally and older Audi platforms coming to the end of their life cycles. Replacement business was not enough to offset the decline. Overall sales volumes of new cars in Europe dropped significantly again in 2019 with uncertainty surrounding diesel emissions and new legislation causing concern to both fleet and private purchasers alike. DTR continues to supply prestige and niche Original Equipment Manufacturers (OEMs) but sales to these customers have been volatile in the reported period.

The future of the internal combustion engine has been brought into question with the emissions scandals and the subsequent sharp decline in sales of diesel-powered passenger vehicles. Country-specific legislation and major shifts in OEM strategies mean that DTR will be focusing on the emerging electric powered and self-driving vehicle markets.

DTR VMS Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

There continues to be volatility in the foreign exchange markets, with pound sterling remaining weak throughout 2019 as a result of the Brexit uncertainty and continued low interest rates. This uncertainty is expected to continue into 2020 and at the time of writing Brexit has been delayed until the end of December. DTR looks to continue offsetting Euro receipts with Euro purchases as much as possible.

Commodity prices increased during the first half of 2019, before decreasing again throughout the second half of the year. Minimal increases are expected in 2020, along with reduced increases in utility prices. As a Group, we look to minimise risk by forward ordering raw materials and by securing multi-year utility contracts. Material escalators are now written into new contracts.

The Group continues to experience a high turnover in engineering staff and significant difficulties remain in recruiting qualified engineers, with intense competition from not only the motor industry, but also other engineering companies.

Future developments

The directors expect the general level of sales activity to continue to decrease in the forthcoming year. Reductions in the Jaguar Land Rover portfolio continue with aging platforms and lower sales expected into China & Europe. Other high volume Audi replacement business will not offset previous generation models sales. Brexit related BMW parts production will continue to be transferred to DTR Poland and this exercise is due to be completed by the end of Quarter 1 2020.

Manufacturing at the Trowbridge facility will decrease and headcount numbers will fall in line with reduced sales levels. However, we continue to invest in assembly and process improvements. It is expected that this will continue throughout 2020.

Section 172 Statement

From the perspective of the directors, the matters set out in S172 of the Companies Act 2006 have been considered to an appropriate extent, in relation to both the Group and to DTR. The directors have considered relative matters, where appropriate, and consider that they have acted in a manner which promotes the long term success of the Group.

The Group's 5 year sales plans, which outlines revenue goals and long term customer strategy, demonstrate the directors regard to the long term success of the Group.

To facilitate the active involvement of the directors, monthly reports and feedback sessions are held with the management team to ensure the board is receiving adequate information and updates, to allow them to act in the best interest of the wider Group.

The board actively participated in the following key engagements to fulfil the requirements of S172 of the Companies Act 2006 during the course of the 2019 financial year:

- Annual review of the Business Plan to ensure the performance of the Group is in line with expectations so as to ensure the achievement of the Group's long term strategy
- Quarterly consolidations and reviews to ensure performance is monitored and any risks are mitigated
- Monthly reporting to ensure performance is meeting targets
- Active engagement with the management team to ensure the Group is managed in a responsible manner
- Regular communication with employees to ensure that they are kept up to date with key information that impacts them. Feedback is captured on a regular basis through an employee suggestion box
- Overall impact of the Group on the local community and environment are actively monitored with continuous improvement plans being carried out regularly

DTR VMS Limited

Strategic report (continued)

Post Balance Sheet Event

COVID-19

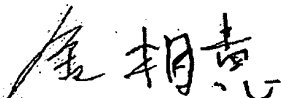
Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

The Group has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Group for future periods.

On 27 March 2020, in response to significant decreases in demand resulting from social distancing efforts, quarantines and border closures related to the spread of COVID-19, DTR announced that it would temporarily close. A core of key management personnel worked from home, while all other employees were furloughed under the Government's Corona virus Job Retention Scheme.

During October 2020, in response to decreases in demand and the uncertainty surrounding the COVID-19 outbreak, the Group took the decision to restructure the company. A reduction in the workforce is expected, but at present, no formal plan has been presented.

Approved by the Board and signed on its behalf by:



Mr SANGHUN KIM

Director

21st December 2020

DTR VMS Limited

Directors' report

The directors present their annual report on the affairs of DTR VMS Limited, together with the audited consolidated financial statements and auditors' report, for the year ended 31 December 2019.

Principal activities

Throughout the year the principal activity of the Group was the manufacture of automotive components.

Future developments

Details of future developments can be found in the strategic report on page 3 and form part of this report by cross-reference.

Research and development

During 2019 the Group carried out selective programmes of research to improve its major processes and the ability to develop new products. The Group's investment in research and development for the year to 31 December 2019 amounted to £2,712,000 (2018: £3,184,000).

Existence of branches outside the UK

The Group has a subsidiary, as defined in section 1046(3) of the Companies Act 2006, outside the UK in Turkey.

Going concern

Since 31 December 2019, the consequences of the COVID-19 outbreak have affected the supply and demand for the Company's primary products and therefore, its operating results have been negatively impacted.

However, there have been minimal disruption to the supply chain, and the Company maintains a strong cash position even after repaying the final £2.5M of the bank loan in Quarter 1 2020.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

The Group meets its day-to-day working capital requirements through cash reserves and we have access to an overdraft facility which is currently not utilised. This facility is renewed at Parent Company level. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility. As the facility is renewed annually, the directors are also in receipt of a letter of support from the immediate Parent Company to the effect that it will continue to assist the Group in meeting its obligations, should the need arise, for a period of at least 12 months following the signing of the financial statements.

Cash flows, liquidity and borrowing

The Group meets its day-to-day working capital requirements through ensuring positive cash balances but does retain the facility to borrow if necessary. Cash forecasting is prepared on a weekly basis with detailed cash flow forecasting prepared for the following 13 weeks, on a rolling basis. Capital project expenditure is planned on an annual basis and tracked accordingly.

Objectives, policies and processes for managing capital

The primary capital management objective is to optimise the balance between return and risk. The Group aims to support new business growth, with the capital generated and invested by the Group's business being a key management focus.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including foreign currency risk, credit risk and liquidity risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs. The Brexit result will further increase the risk on DTR with reduced confidence in the UK economy and the possibility of trade restrictions and import/export tariffs.

DTR VMS Limited

Directors' report (continued)

Financial risk management objectives and policies (continued)

Foreign currency risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Exposure to interest rate movements is monitored by the directors on an ongoing basis. Where possible, the Group purchases and sells in the same currencies to mitigate foreign exchange risk.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Group has implemented policies that require appropriate credit risk checks on potential customers before sales are made. Where debt finance is utilised, this is subject to pre-approval by the Board of Directors and such approval is limited to financial institutions with an AA rating or better. The amount of exposure to any individual counterparty is subject to a limit which is assessed annually by the Board.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

Dividends

The directors recommend that no dividend be paid to the ordinary shareholders for the year (2018: £nil). No dividends were proposed after the balance sheet date.

Directors

The directors, who served throughout the year and subsequently, were as follows:

Mr Sang Hun Kim
Mr In Hwan Kim
Mr Bong Hwan Kim

Directors' indemnities

The Company has not made any qualifying third party indemnity provisions for the benefit of its directors, or that of its parent or Turkish subsidiary, Dongah DTR VMS Otomotiv Sanayi, Ve Ticaret Limited Sirketi, directors.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings, the Company noticeboard and a special edition for employees of the annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

DTR VMS Limited

Directors' report (continued)

Independent Auditors

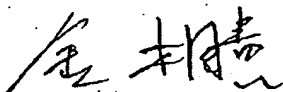
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



Mr SANGHUN KIM

Director

21st December 2020

DTR VMS Limited

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

DTR VMS Limited

Independent auditors' report to the members of DTR VMS Limited

Report on the audit of the financial statements

Opinion

In our opinion, DTR VMS Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2019 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Consolidated and Company balance sheets as at 31 December 2019; the Consolidated profit and loss account and the Consolidated statement of comprehensive income, the Consolidated cash flow statement, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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 and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial

DTR VMS Limited

Independent auditors' report to the members of DTR VMS Limited (continued)

statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions,

DTR VMS Limited

Independent auditors' report to the members of DTR VMS Limited (continued)

accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

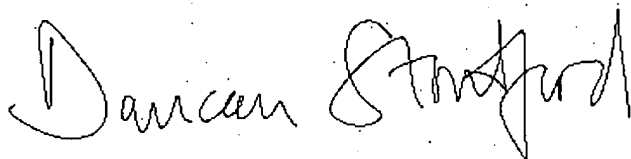
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Duncan Stratford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
23rd December 2020

DTR VMS Limited

Consolidated profit and loss account

For the year ended 31 December 2019

	Note	2019 £000's	2018 £000's
Turnover	3	40,168	42,312
Cost of sales		(32,562)	(34,738)
Gross profit		7,606	7,574
Administrative expenses		(5,996)	(5,991)
Exceptional items	5	-	3,521
Distribution costs		(353)	(413)
Other operating Income		79	631
Operating profit		1,336	5,322
Finance costs	4	(44)	(62)
Profit before taxation	10	1,292	5,260
Tax on profit	10	(305)	(488)
Profit for the financial year		987	4,772

DTR VMS Limited

Consolidated statement of comprehensive income

For the year ended 31 December 2019

	2019 £000's	2018 £000's
Profit for the financial year	987	4,772
Other comprehensive expense		
Prior year currency translation difference on foreign currency – overseas subsidiary	(779)	(608)
Total comprehensive income	<u>208</u>	<u>4,164</u>

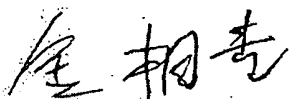
DTR VMS Limited

Consolidated balance sheet

At 31 December 2019

	Note	2019 £000's	2018 £000's
Fixed assets			
Tangible assets	11	9,752	11,232
Current assets			
Stocks	13	4,711	5,980
Debtors	14	5,485	6,098
Cash at bank and in hand		10,159	9,434
		<u>20,355</u>	<u>21,512</u>
Creditors: amounts falling due within one year	15	<u>(8,458)</u>	<u>(11,268)</u>
Net current assets		<u>11,897</u>	<u>10,244</u>
Total assets less current liabilities		<u>21,649</u>	<u>21,476</u>
Provisions for liabilities	16	<u>(588)</u>	<u>(623)</u>
Net assets		<u>21,061</u>	<u>20,853</u>
Capital and reserves			
Called up share capital	18	14,987	14,987
Capital redemption reserve		2	2
Foreign exchange reserve		(2,453)	(1,674)
Profit and loss account		8,525	7,538
Total shareholders' funds		<u>21,061</u>	<u>20,853</u>

The financial statements of DTR VMS Limited (registered number 06703842) on pages 12 to 18 were approved by the Board of Directors and authorised for issue on 21st December 2020. They were signed on its behalf by:



Mr SANGHUN KIM

Director

DTR VMS Limited

Company balance sheet At 31 December 2019

	Note	£000's	2019 £000's	£000's	2018 £000's
Fixed assets					
Tangible assets	11		9,506		11,056
Investments	12		2,705		2,705
			<u>12,211</u>		<u>13,761</u>
Current assets					
Stocks	13	4,711		5,980	
Debtors	14	5,388		5,807	
Cash at bank and in hand		5,671		4,677	
		<u>15,770</u>		<u>16,464</u>	
Creditors: amounts falling due within one year	15	(8,384)		(11,196)	
Net current assets			<u>7,386</u>		<u>5,268</u>
Total assets less current liabilities			<u>19,597</u>		<u>19,029</u>
Provisions for liabilities	16		(588)		(623)
Net assets			<u>19,009</u>		<u>18,406</u>
Capital and reserves					
Called up share capital	18		14,987		14,987
Profit and loss account			4,022		3,419
Total shareholders' funds			<u>19,009</u>		<u>18,406</u>

The profit after tax for the financial year dealt with in the financial statements of the Parent Company was £603,000 (2018: profit £785,000).

The financial statements of DTR VMS Limited (registered number 06703842) on pages 12 to 33 were approved by the Board of Directors and authorised for issue on 21st December 2020. They were signed on its behalf by:


Mr SANGHUN KIM

Director

DTR VMS Limited

Consolidated statement of changes in equity

For the year ended 31 December 2019

	Called up share capital £000's	Capital redemption reserve £000's	Foreign exchange reserve £000's	Profit and loss account £000's	Total £000's
At 1 January 2018	14,987	2	(1,066)	2,766	16,689
Profit for the financial year	-	-	-	4,772	4,772
Movement on foreign exchange	-	-	(608)	-	(608)
Total comprehensive income	-	-	(608)	4,772	4,164
At 31 December 2018	14,987	2	(1,674)	7,538	20,853
Profit for the financial year	-	-	-	987	987
Movement on foreign exchange	-	-	(779)	-	(779)
Total comprehensive income	-	-	(779)	987	208
At 31 December 2019	14,987	2	(2,453)	8,525	21,061

DTR VMS Limited

Company statement of changes in equity

For the year ended 31 December 2019

	Called up share capital £000's	Profit and loss account £000's	Total £000's
At 1 January 2018	14,987	2,634	17,621
Profit and comprehensive income for the financial year	-	785	785
At 31 December 2018	14,987	3,419	18,406
Profit and comprehensive income for the financial year	-	603	603
At 31 December 2019	14,987	4,022	19,009

DTR VMS Limited

Consolidated cash flow statement

For the year ended 31 December 2019

	Note	2019 £000's	2018 £000's
Net cash flows generated from operating activities	19	<u>4,798</u>	<u>4,254</u>
Cash flows from investing activities			
Proceeds from sale of equipment		16	4,696
Purchase of equipment		(283)	(454)
Interest received		<u>40</u>	<u>47</u>
Net cash flows (used in)/generated from investing activities		<u>(227)</u>	<u>4,289</u>
Cash flows from financing activities			
Interest paid		(84)	(109)
Bank loans repaid		<u>(3,000)</u>	<u>(1,000)</u>
Net cash flows used in financing activities		<u>(3,084)</u>	<u>(1,109)</u>
Net increase in cash and cash equivalents		<u>1,487</u>	<u>7,434</u>
Cash and cash equivalents at beginning of year		9,434	3,506
Effect of foreign exchange rate changes		<u>(762)</u>	<u>(1,506)</u>
Cash and cash equivalents at end of year		<u>10,159</u>	<u>9,434</u>
Reconciliation to cash and cash equivalents:			
Cash at bank and in hand		<u>10,159</u>	<u>9,434</u>
Cash and cash equivalents		<u>10,159</u>	<u>9,434</u>

DTR VMS Limited

Notes to the financial statements

For the year ended 31 December 2019

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

DTR VMS Limited is a private Company, limited by shares. It was incorporated in England, the United Kingdom, under the Companies Act. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Directors' report on page 5.

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in compliance with section 11 and 12 of Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and Companies Act 2006.

The functional currency of DTR VMS Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

DTR VMS Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to presentation of a cash flow statement (Company only), financial instruments and remuneration of key management personnel.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its Turkish subsidiary undertaking drawn up to 31 December each year.

Going concern

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Group meets its day-to-day working capital requirements through an overdraft facility which is renewed at Parent Company level. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility. As the facility is renewed annually, the directors are also in receipt of a letter of support from the immediate Parent Company to the effect that it will continue to assist the Group in meeting its obligations, should the need arise, for a period of at least 12 months following the signing of the financial statements.

Intangible assets – research and development

Research and development expenditure is written off in the year in which it is incurred.

DTR VMS Limited

Notes to the financial statements

For the year ended 31 December 2019

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Land and buildings	3.3% per annum
Plant and machinery	15-50% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Financial instruments

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

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that are classified as payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

In the Company balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

DTR VMS Limited

Notes to the financial statements

For the year ended 31 December 2019

1. Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Provision is made for obsolete, slow-moving or defective items where appropriate.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that have occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

DTR VMS Limited

Notes to the financial statements

For the year ended 31 December 2019

1. Accounting policies (continued)

Taxation (continued)

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Where payments are received from customers in advance of provision of goods, the amounts are recorded as deferred income and included as part of creditors due within one year.

Interest received

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of the revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Employee benefits

The Company operates a defined contribution scheme and the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

DTR VMS Limited

Notes to the financial statements

For the year ended 31 December 2019

1. Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The trading results of the overseas operation are translated at the average rate of exchange during the period. The closing balance sheet is translated at the rate ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Provisions

Provisions for warranties and product liability are recognised when the Company has a legal obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Exceptional Items

Items which are material and non-recurring in size or nature are disclosed separately.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 Section 23 *Revenue* and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods. Total revenue recognised is disclosed in note 3.

DTR VMS Limited

Notes to the financial statements

For the year ended 31 December 2019

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Valuation of stock and completeness of stock provisions

The industry is such that stock can be prone to obsolescence as many parts are bespoke in their design and therefore the market for resale is limited. In determining the level of provisioning required against the stock balance, which involves judgement, management perform a line-by-line review of the underlying raw materials, WIP and finished goods and provide accordingly. The value recognised in respect of stock is disclosed in note 13.

Estimation of provisions

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant; however, actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the period is revised if the revision effects only that period, or in the period of the revision and the future periods if the revision affects both current and future periods. Provisions are disclosed in note 16.

3. Turnover

An analysis of the Group's turnover by geographical market is set out below.

	2019 £000's	2018 £000's
UK	14,547	14,324
Rest of Europe	23,900	25,072
North America	-	1
Rest of World	1,721	2,915
	<u>40,168</u>	<u>42,312</u>

Turnover for the year relates entirely to the sale of goods.

4. Finance costs

	2019 £000's	2018 £000's
Interest received	(40)	(47)
Interest paid on bank loans and overdrafts	84	109
	<u>44</u>	<u>62</u>

No interest is paid or received from group undertakings.

DTR VMS Limited

Notes to the financial statements

For the year ended 31 December 2019

5. Exceptional items

	2019 £000's	2018 £000's
Profit on the sale of Turkish land and buildings	-	3,521
	<u>-</u>	<u>3,521</u>

6. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	2019 £000's	2018 £000's
Depreciation of tangible fixed assets	1,711	1,793
Research and development	2,712	3,184
(Gain)/loss on disposal of fixed assets	(3)	3,521
Inventory charged to profit and loss in the year	<u>35,418</u>	<u>39,723</u>

The analysis of the auditors' remuneration is as follows:

	2019 £000's	2018 £000's
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	45	39
Fees payable to the Company's auditors for other services to the Group		
Preparation of tax computations	<u>8</u>	<u>6</u>

7. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2019 Number	2018 Number
Production	219	254
Selling and distribution	7	7
Administration	<u>14</u>	<u>14</u>
	<u>240</u>	<u>275</u>

DTR VMS Limited

Notes to the financial statements

For the year ended 31 December 2019

7. Staff numbers and costs (continued)

Their aggregate remuneration comprised:

	2019 £000's	2018 £000's
Wages and salaries	8,208	8,664
Social security costs	819	868
Other pension costs (see note 21)	579	583
	<u>9,606</u>	<u>10,115</u>

8. Directors' remuneration and transactions

The remuneration of all the directors is paid by the parent company, DTR Automotive Corporation, which makes no recharge to the company. All directors are directors of the parent company and a number of fellow subsidiaries, and it is not possible to make an accurate apportionment of their remuneration in respect of each of the subsidiaries. Accordingly, the above details include no remuneration in respect of the directors. Their total remuneration is included in the aggregate of directors' remuneration disclosed in the financial statements of the parent company. Copies of the financial statements for the Parent Company can be obtained from 12 Cheoyongsaneop 2-gil, Onsan-eup, Ulju-gun, Ulsan, South Korea. There is no other local key management.

9. Profit attributable to the Company

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the Parent Company. The profit attributable to the Company is disclosed in the footnote to the Company balance sheet.

DTR VMS Limited

Notes to the financial statements

For the year ended 31 December 2019

10. Tax on profit

The tax charge comprises:

	2019 £'000's	2018 £'000's
Current tax on profit		
UK corporation tax	297	130
Foreign tax relief/other relief	108	361
Total current tax	405	491
Deferred tax		
Origination and reversal of timing differences	(112)	(11)
Effect of changes in tax rate	12	8
Total deferred tax (see note 16)	(100)	(3)
Total tax on profit	305	488

The UK standard rate of corporation tax is 19% for the year ended 31 December 2019 (2018: 19%). A reduction in the rate of corporation tax from 20% to 19% is effective from April 2018 and was substantively enacted in 18 November 2015. Deferred tax has been provided at 17% (2018: 17%).

The net reversal of deferred tax assets and deferred tax liabilities expected to occur during the year beginning after the reporting period is £17,000 (2018: £16,000). There is no expiry date for this deferred asset.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2019 £000's	2018 £000's
Group profit before tax	1,292	5,260
Tax on Group profit before tax at standard UK corporation tax rate of 19% (2018: 19%)	234	999
Effects of:		
- Expenses not deductible for tax purposes	44	33
- Income not taxable	-	(87)
- Tax rate changes	12	8
- Tax charge/(income) for the year (Turkey)	15	(465)
Group total tax charge for financial year	305	488

DTR VMS Limited

Notes to the financial statements

For the year ended 31 December 2019

11. Tangible assets

Group	Land and buildings £000's	Plant and machinery £000's	Total £000's
Cost or valuation			
At 1 January 2019	5,478	14,155	19,633
Additions	105	289	394
Disposals	-	(133)	(133)
Exchange rate translation	(168)	(16)	(184)
At 31 December 2019	5,415	14,295	19,710
Accumulated depreciation			
At 1 January 2019	1,017	7,384	8,401
Charge for the year	175	1,536	1,711
Disposals	-	(3)	(3)
Exchange rate translation	(145)	(6)	(151)
At 31 December 2019	1,047	8,911	9,958
Net book value			
At 31 December 2019	4,368	5,384	9,752
At 31 December 2018	4,461	6,771	11,232

DTR VMS Limited

Notes to the financial statements

For the year ended 31 December 2019

11. Tangible assets (continued)

Company	Land and buildings £000's	Plant and machinery £000's	Total £000's
Cost or valuation			
At 1 January 2019	5,229	14,030	19,259
Additions	-	178	178
Disposals	-	12	12
At 31 December 2019	5,229	14,220	19,449
Accumulated depreciation			
At 1 January 2019	872	7,331	8,203
Charge for the year	175	1,535	1,710
Disposals	-	30	30
At 31 December 2019	1,047	8,896	9,943
Net book value			
At 31 December 2019	4,182	5,324	9,506
At 31 December 2018	4,357	6,699	11,056

Included within plant and machinery are parts held for the maintenance of the Company's fixed assets to the value of £194,000 in the current year (2018: £212,000). These are not subject to depreciation as they have not yet been brought into use.

12. Investments

Subsidiary undertaking - Company

	2019 £000's	2018 £000's
Cost and net book value		
At 1 January	2,705	2,705
At 31 December	2,705	2,705

The Parent Company and the Group have investments in the following 100% subsidiary undertaking:

Subsidiary undertaking	Registered office address	Principal activity	Class of shares
Dongah DTR VMS Otomotiv Sanayi, Ve Ticaret Limited Sirketi	Hasanaga Mah. Sanayi (590) Cad. No:9 D:1 Nilufer Bursa	Supplier Relationship Management	Ordinary

This subsidiary undertaking has been included in the consolidation and its carrying value is considered to be supported by its underlying assets.

DTR VMS Limited

Notes to the financial statements

For the year ended 31 December 2019

13. Stocks

	Group		Company	
	2019 £000's	2018 £000's	2019 £000's	2018 £000's
Raw materials and consumables	3,004	3,685	3,004	3,685
Work in progress	525	436	525	436
Finished goods and goods for resale	1,182	1,859	1,182	1,859
	<u>4,711</u>	<u>5,980</u>	<u>4,711</u>	<u>5,980</u>

14. Debtors

	Group		Company	
	2019 £000's	2018 £000's	2019 £000's	2018 £000's
Trade debtors	3,214	4,373	3,186	4,351
Amounts owed by Group undertakings	1,193	256	1,193	256
Corporation tax	-	170	-	170
Other debtors	1,078	1,299	1,009	1,030
	<u>5,485</u>	<u>6,098</u>	<u>5,388</u>	<u>5,807</u>

The amounts owed by Group undertakings have the same terms and conditions as all other trade debtors, they do not receive any preferential treatment or rate.

15. Creditors: amounts falling due within one year

	Group		Company	
	2019 £000's	2018 £000's	2019 £000's	2018 £000's
Bank loans and overdrafts	2,500	5,500	2,500	5,500
Trade creditors	3,243	3,319	3,243	3,319
Amounts owed to Group undertakings	980	1,321	980	1,321
Other taxation and social security	205	208	205	208
Corporation tax	252	-	237	-
Other creditors	91	198	33	127
Accruals and deferred income	1,187	722	1,186	721
	<u>8,458</u>	<u>11,268</u>	<u>8,384</u>	<u>11,196</u>

The bank loans are secured by a general security agreement in KEB bank's standard form, a cross-guarantee by DTR Corporation and over all goods held by the Company. The terms of the loans restrict the Group from making significant acquisitions or disposals outside the DTR Group without the consent of the lender. The bank loans are repayable on demand and interest is payable at a variable rate of LIBOR + 1.2% on the principal amount.

The amounts owed to Group undertakings have the same terms and conditions as all other trade creditors, except DTR Korea and DTR China, who have payment terms of five and six months respectively. These extended terms are due to the exceptionally long delivery times of the goods.

DTR VMS Limited

Notes to the financial statements

For the year ended 31 December 2019

16. Provisions for liabilities

	Deferred taxation £000's	Product warranties £000's	Total £000's
Group and Company			
At 1 January 2019	388	235	623
Credited to profit and loss account	(100)	(77)	(177)
Utilisation of provision	-	142	142
At 31 December 2019	288	300	588

Deferred taxation is provided as follows:

	2019 £000's	2018 £000's
Group and Company		
Accelerated capital allowances	305	404
Tax losses available	(8)	(9)
Short term timing differences trading	(9)	(7)
Provision for deferred tax	288	388

Deferred taxation

Deferred tax assets and liabilities are offset only where the Group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Group.

Product warranties

The provision for product warranties relates to expected warranty claims on products sold in the last three years. It is expected that the majority of this expenditure will be incurred in the next financial year and that all will be incurred within three years of the balance sheet date.

DTR VMS Limited

Notes to the financial statements

For the year ended 31 December 2019

17. Financial instruments

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	Group	
	2019 £000's	2018 £000's
Financial assets		
Measured at undiscounted amount receivable		
Trade and other debtors (see note 14)	4,263	5,799
Amounts due from Group undertakings (see note 14)	1,193	256
	<u>5,456</u>	<u>6,055</u>
Financial liabilities		
Measured at undiscounted amount payable		
Bank loans and overdrafts (see note 15)	2,500	5,500
Trade and other creditors (see note 15)	3,866	3,725
Amounts owed to Group undertakings (see note 15)	980	1,321
	<u>7,346</u>	<u>10,546</u>
18. Called up share capital and reserves		
	2019 £000's	2018 £000's
Monetary value of allotted, called-up and fully-paid shares		
Ordinary shares of £1 each	10,755	10,755
Ordinary shares of €1 each	4,232	4,232
	<u>14,987</u>	<u>14,987</u>
	2019 000's	2018 000's
Number of allotted, called-up and fully-paid shares		
Ordinary shares of £1 each	10,755	10,755
Ordinary shares of €1 each	4,880	4,880
	<u>15,635</u>	<u>15,635</u>

All classes of shares have the same rights with each share being entitled to one vote in any circumstances.

The Group's and Company's other reserves are as follows:

The capital redemption reserve is a non-distributable reserve and represents the nominal value of shares bought back by the Group.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

The foreign exchange reserve represents the cumulative effect of translation differences that arise on consolidation of overseas subsidiaries.

DTR VMS Limited

Notes to the financial statements

For the year ended 31 December 2019

19. Net cash flows generated from operating activities

Reconciliation of operating profit to cash generated by operations:

	2019 £000's	2018 £000's
Operating profit	1,336	5,322
Adjustment for:		
Depreciation	1,711	1,793
Profit/(loss) on sale of tangible fixed assets	3	(3,523)
Operating cash flow before movement in working capital	3,050	3,592
Decrease in stocks	1,269	997
Decrease in debtors	1,210	2,984
Increase/(Decrease) in creditors	336	(1,987)
Decrease in amounts owed to Group undertakings	(937)	(22)
Increase in amounts owed by Group undertakings	(341)	(588)
Increase in provisions	65	-
Tax Refunded/(Paid)	146	(722)
Net cash flows generated from operating activities	4,798	4,254

20. Financial commitments

At 31 December 2018 and 2019 there were no capital commitments or future lease payments due under non-cancellable operating leases.

21. Employee benefits

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees of its DTR VMS UK division. The total expense charged to profit or loss in the year ended 31 December 2019 was £579,000 (2018: £583,000). As at 31 December 2019 there were no amounts outstanding in respect of contributions into the scheme (2018: £nil).

22. Controlling party

The immediate and ultimate Parent Company and ultimate controlling party is DTR Automotive Corporation, a Company listed on the Korean stock exchange. Its registered address and principal place of business is 12 Cheoyongsaneop 2-gil, Onsan-eup, Ulju-gun, Ulsan, South Korea.

DTR Automotive Corporation is the Parent of both the smallest and largest Group to consolidate these financial statements, and the consolidated financial statements are available from the address above.

23. Post Balance Sheet Event

The outbreak of COVID-19 in March 2020 has significantly decreased demand for the Company's products. As this event happened after the year end, and has not impacted the results for the year ended 31 December 2019, the Group has deemed this to be a non-adjusting subsequent event, and as such no adjustment to the financial statements have taken place.