**AIM: NARS**
**22 April 2015**

**NATIONWIDE ACCIDENT REPAIR SERVICES PLC**
**("Nationwide", "the Company" or "the Group")**

**Preliminary Results**
**For the 12 months to 31 December 2014**

Nationwide provides integrated automotive accident repair management services to the UK insurance industry, fleet and retail customers. It is the largest dedicated provider of accident repair services in the UK.

**Key Points**

- Agreement reached on terms of a recommended cash acquisition for the Group by Canaveral Bidco Limited (The Carlyle Group), announced on 1 April 2015

- Results in line with management expectations - improved performance reflects benefits of organic growth, operational efficiency improvements and acquisitions

- Revenue of £187.0m (2013: £156.6m) - acquisitions contributed £21.9m
  - insurance revenues up 24.7% to £139.1m – market share up
  - fleet market revenues up 8.2% to £43.7m
  - retail sales at £4.2m (2013: £4.7m)

- Underlying (1) PBT of £5.3m (2013: £3.1m) / Statutory PBT of £1.3m (2013: £0.1m)
  - separately identified items and amortisation of intangibles of £4.0m (2013: £3.0m)

- Gross margin of 36.7% (2013: 35.8%)

- Underlying (1) EPS of 9.4p (2013: 5.1p) / Statutory EPS of 1.6p (2013: 0.5p loss)

- Strong underlying (1) cash flow and working capital management contributing to a net cash balance at 31 December 2014 of £1.5m (31 December 2013: £6.3m)

- Two acquisitions completed, Howard Basford (in February) and Gladwins (in September)
  - enhance operational efficiencies in North West and East of England
  - represent templates for further regional acquisitions

- Two major contract agreements signed – with AXA UK and Allianz Insurance plc

- Post period end acquisition of Seward Accident Repair Centres Limited in the South of England

Notes:
1. 'Underlying' is calculated before separately identified items and amortisation of intangibles.

**Michael Marx, Chairman, commented,**
*"These improved results are in line with management expectations and reflect the benefits of the three acquisitions we have made, organic growth and the measures put in place to improve operational efficiencies from the second half of 2013.*

*On 1 April, we announced that agreement had been reached with Carlyle on the terms of a recommended cash offer for Nationwide. This recommended offer is subject to further approvals, including by Nationwide shareholders and a copy of the announcement published on 1 April can be found at www.narsplc.com. Further information will be posted to shareholders in due course."*

**Enquiries:**


| | | |
|---|---|---|
| Nationwide Accident Repair Services plc | Michael Wilmshurst, Chief Executive<br>David Pugh, Group Finance Director | T: 020 3178 6378 (today)<br>T: 01993 701720 |
| KTZ Communications | Katie Tzouliadis | T: 020 3178 6378 |
| Westhouse Securities | Antonio Bossi / Henry Willcocks | T: 020 7601 6100 |

**CHAIRMAN'S STATEMENT**

**Introduction**

On 1 April 2015, the Board of Nationwide and the Board of Canaveral Bidco Limited ("CSP Bidco") announced that an agreement had been reached on the terms of a recommended cash acquisition by CSP Bidco of the entire issued and to be issued ordinary share capital of Nationwide. CSP Bidco is an indirect wholly owned subsidiary of CSP III AIV (Cayman) L.P., a limited partnership fund affiliated with Carlyle Strategic Partners III, L.P, managed by its investment adviser, Carlyle Investment Management L.L.C.. The recommended cash offer is subject to further approvals, including by Nationwide shareholders. A copy of the announcement published on 1 April can be found at www.narsplc.com and further information will be posted to shareholders in due course.

Results for the year to 31 December 2014 show improvement year-on-year. Revenue increased by 19% to £187.0m, with underlying profit before tax up 71% to £5.3m and underlying earnings per share up 84% to 9.4p. These results reflect both the benefits of the three acquisitions we have made, organic growth and the measures put in place to improve operational efficiencies from the second half of 2013.

Our acquisitions performed in line with management expectations. The integration of Exway, the bodyshop chain based in the South West of England acquired in July 2013, has been successful. Our second recent acquisition, in February 2014, of Howard Basford Ltd ("Howard Basford"), which operates bodyshops in the North West, is also performing well. Derek Gladwin Ltd ("Gladwins"), a leading provider of crash repair services in the East of England, was acquired in September 2014 performed and continues to perform as anticipated at the time of its acquisition. After the year end, in April 2015, we acquired Seward Accident Repair Centres Ltd ("Sewards") which operates in the South of England, for a total cash consideration of £3.8m including properties of £0.4m. Like our previous acquisitions its purchase is in line with our strategy to expand selectively in territories, providing competitive advantage for our customers, as well as delivering economies of scale and work flow efficiencies alongside our plans to build the Group's presence in the insurance, fleet and retail markets.

During the year we were pleased to announce two major contract agreements. In June we signed a contract extension with AXA UK and in early September we signed a new contract with Allianz Insurance plc. Each contract is worth an estimated £10m per annum and supports the Group's trading performance in the 2014 financial year and beyond.

**Financial Results**

Group revenue for the year to 31 December 2014 was £187.0m (2013: £156.6m) with growth in both the insurance and fleet markets. The Howard Basford and Gladwins acquisitions performed well, contributing revenues of £21.9m (2013: nil). Insurance revenues increased by 24.7% to £139.1m (2013: £111.6m) which includes a like-for-like increase of 9.8% and represented a gain in market share. Fleet sales grew by 8.2% to £43.7m (2013: £40.4m) and represent 23% of Group revenue. Retail sales were £4.2m (2013: £4.7m).

The enhancements to operational efficiency from the second half of 2013 combined with 2014's higher work volumes and contribution from acquired businesses resulted in an improvement in the gross margin to 36.7% for 2014 (2013: 35.8%). Underlying overhead costs were £10.7m higher at £62.5m (2013: £51.8m) and included both Howard Basford and Gladwins operational overheads of £6.7m together with further investment in our I.T. infrastructure and bonuses paid across the team in recognition of their share in the Group's progression.

Underlying operating profit increased by 47.6% to £6.2m (2013: £4.2m) and represented a margin of 3.3% (2013: 2.7%) of revenue. Improved returns on pension scheme assets contributed to a £0.2m favourable variance in net finance costs following which underlying profit before tax was £5.3m (2013: £3.1m). Underlying earnings per share, adjusted for separately identified items and amortisation of intangibles, was 84.3% higher at 9.4p (2013: 5.1p).

Separately identified items and amortisation of intangibles of £4.0m (2013: £3.0m) were incurred, as anticipated, and mainly related to the reorganisation of our network following the recent acquisitions with the closure of four sites during the year. Amortisation of intangible assets amounting to £1.7m (2013: £0.2m) relates to those recognised on the recent acquisitions. Statutory profit before tax for the year to 31 December 2014 was £1.3m (2013: £0.1m) and the statutory earnings per share was 1.6p (2013: loss per share of 0.5p).

Net cash at 31 December 2014 stood at £1.5m (2013: £6.3m) and reflects the Group's improving profitability and strong control of working capital when taking into account the net consideration for businesses acquired during the year of £13.4m, £2.6m of pension deficit contributions and a £2.2m cash outflow effect from separately identified items.

**Dividend**

On 1 April 2015, the Board of Nationwide Accident Repair Services plc and the Board of Canaveral Bidco Limited announced that agreement has been reached on the terms of a recommended cash acquisition by CSP Bidco of the entire issued and to be issued ordinary share capital of NARS. It is intended that the transaction will be implemented by way of a court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006, with a completion date of 31 May 2015. Accordingly, NARS will be a 100% owned subsidiary and a private company. The Board will not declare or recommend a final dividend in respect of the financial year ending 31 December 2014 on the basis and assuming that the scheme becomes effective (or, if applicable, the offer becomes or is declared unconditional in all respects).

**Board Changes**

Lady Judge and Stephen Thompson stepped down from the Board on 25 March 2014 and 31 March 2015 respectively. Each having served for more than eight years, I would like to thank them for their contribution to Nationwide over these years and wish them well for the future.

**Strategy**

As previously stated, we see opportunities to develop a broader and deeper range of solutions for our customers in our target markets of insurance, fleet and retail. We plan to deliver economies of scale and efficiency in the flow of work across the Group through a combination of organic growth and selective acquisitions which will help to enhance our customer proposition.

By balancing capacity with demand on a geographical basis in the UK there are also opportunities for Nationwide to further develop its operating platform and return on investment.

**Acquisitions**

In February 2014, we completed the acquisition of Howard Basford, the eighth largest independent bodyshop chain in the UK, comprising eight fixed sites and also providing mobile repair services. The acquisition is highly complementary to the Group's existing operations and provides an enhanced presence in the North West, with the prospect of economies of scale and efficient work flows as well as other benefits.

In September 2014, we completed the acquisition of Gladwins which operates from eight locations in the East of England and was the eleventh largest independent bodyshop chain in the UK.

In April 2015, we completed the acquisition of Sewards for a total consideration of £3.8m including properties with a value of £0.4m. Sewards operates from eight locations in the South of England and was the tenth largest bodyshop chain in the UK.

All of these acquisitions have helped to increase Nationwide's presence in its target markets and improve operational efficiencies in these regions, enhancing return on capital.

**Outlook**

The worst effects of the economic cycle are behind us and although there continues to be scope for UK bodyshop capacity to reduce, some regions are already beginning to see a rebalancing of supply in line with demand. We are well positioned and there are opportunities to build our business both organically and by further strategic acquisitions.

We continue to focus on customer requirements and developing our service range selectively across the UK.

**Michael Marx**
**Chairman**
**22 April 2015**

**CHIEF EXECUTIVE'S STATEMENT & OPERATING REVIEW**

**Introduction**

In recent years our industry has experienced significant pressures of both a cyclical and structural nature; however there are now signs of improving economic conditions.

The improvement in Nationwide's performance reflects a number of factors. Acquisitions have contributed to these results but the improvement also reflects organic growth in the core business and the measures that we put in place during 2013 to enhance Nationwide's performance have contributed to significantly improved 2014 results. The impact of these initiatives and actions are also evident within the encouraging start made by the Group in 2015. Our acquisition of Howard Basford in February 2014, Gladwins in September 2014 and subsequent purchase of Sewards in April 2015 further strengthen our operations and I would like to welcome these teams to the Group.

**Market Overview**

The size of the UK automotive repair market is estimated by us as £3.5bn, which is a more conservative assessment than independent research sources. Of this total, we estimate that approximately 60% (£2.1bn) of the market is insurance funded, 26% (£0.9bn) is fleet funded and 14% (£0.5bn) is retail funded.

Following a decline in the size of the insurance funded vehicle repair market for more than ten years, with the number of operators diminishing, there still remains an oversupply of repair capacity; however some regions in the UK are beginning to see a rebalancing of supply in line with demand. It is our view that the worst effects of the economic cycle are behind us now and the slowing rate of decline in insurance-funded repairs is evidence of this. The increase in new vehicle registrations and the growth of the UK car parc (i.e. the total number of vehicles) as well as the rise in miles travelled are all positive indicators. Many industry analysts are predicting work volumes to stabilise in the near term. Nationwide's insurance market positioning, with the strategic introduction of a wider range of services including rapid repair solutions catering, for instance, for the increase in the average age of vehicles on our roads, is designed to ensure that we remain at the forefront of our industry and can deliver commercial advantage to our customers.

We continue to work hard to ensure that our offering and service levels remain market-leading. All of our customers require a solution which delivers quality, value, service and speed. In order to satisfy this market demand, operators need to have a customer focused, efficient, consistent, transparent and integrated approach supported by increasingly strong information technology.

Fleet customers include vehicle hire companies, corporates and SMEs. The fleet market represents a growth opportunity as customers become increasingly proactive in deciding who they wish to partner with in order to keep their vehicles on the road. Fleets will also experience growth as the economic cycle moves into recovery and have significantly contributed to the recent growth in the vehicle parc. To support their own business success, fleet customers require a service which offers speed, flexibility, good management information, value and a national coverage with local presence. An integrated automotive support service is particularly attractive for this market. This market is unable to be directly satisfied by many traditional repairers and larger 'virtual' facilitators struggle to provide a sustainable solution which offers competitive value and quality. Our intention is to continue to penetrate this marketplace and the evolving and progressive broadening of our services helps to support our growth plans.

The retail market for vehicle repair during the past few years has been affected by growing insurance claims policy excesses which have in part derived from the growth in policy placement through web-based aggregators. Lower fuel prices and any rise in disposable incomes are positive drivers of this market. Trust, value and convenience have been the key attributes of successful operators in the retail market. We anticipate a strategic growth opportunity for Nationwide as transparency, brand awareness and digital capture progressively become differentiators for successful retail market participants.

***Nationwide Crash Repair Centres ('NCRC')***

With external revenue of £162.1m (2013: £133.8m) including revenues from Howard Basford and Gladwins, NCRC is the Group's largest business segment and has almost a 5% share of the vehicle repair market. Comprising 80 bodyshops (2013: 68), a mobile repair fleet, two Rapid Repair facilities and two Fast Fit Plus vehicle service centres, NCRC provides services to the insurance, fleet and retail markets on a local and national basis.

Year-on-year insurance revenue to external customers increased by 25.6% to £123.1m (2013: £98.0m) hence growing our market share. Fleet sales grew by 11.5% to £34.8m (2013: £31.2m) as we continued to penetrate this market. Our mobile repair service, commercial ovens, integrated technology and broadening range of mobility solutions help to provide the speed, flexibility and information that fleet customers require. Retail sales declined by 10.6% to £4.2m (2013: £4.7m), mainly due to the primary focus being placed on the effective delivery of higher insurance and fleet sales.

NCRC's gross margin has increased to 38.4% (2013: 37.3%). Continued emphasis has been placed upon ensuring that damage is remedied through repair in preference to parts replacement.
Our strategy of balancing capacity with demand has been augmented through the acquisition of eight Howard Basford and eight Gladwins sites, with the closure of four sites during 2014. In February 2014, we completed the acquisition of North West based Howard Basford, the eighth largest independent bodyshop chain in the UK, comprising fixed sites and also providing mobile repair services. The initial net cash consideration of £4.5m produced revenue of £16.8m and underlying profit before tax of more than £0.8m during the post-acquisition period to 31 December 2014. The decision to purchase Gladwins for a cash consideration of £10.2m, including properties, is in line with our strategy to expand selectively in territories providing competitive advantage for our customers. In the post-acquisition period from September 2014 to 31 December 2014, Gladwins contributed revenue of £5.1m and underlying profit before tax of £0.3m.

Customer satisfaction levels, as measured by independent telephone surveys which rate the overall NCRC quality of repair, increased during 2014 to 86.94% (2013: 85.39%) for our fixed sites and to 94.64% (2013: 94.29%) for mobile repairs. The speed of our repair process has also improved further with a 'key to key' repair time (time taken from receipt of vehicle) of 10.29 days (2013: 10.36 days) with a higher 'full cycle' time (time taken from the notification of claim) of 17.38 days (2013: 15.88 days) which reflects a number of factors including the higher work volumes and capacity requirements.

***Network Services***

Our accident management services business segment operates a 24 hour call service and deploys vehicle damage work to NCRC and an approved network of repairers. In addition, Network Services receives first notification of loss on vehicles, handles claims, organises replacement vehicles, provides engineering services and facilitates salvage. Network Services' engineering team bring additional value to the wider Group as does this business's lead role in balancing deployments between NCRC and the approved network of repairers.

During 2014, revenue generated from sub-contracting to our approved network grew by 13.5% to £18.5m (2013: £16.3m), while sales invoiced by Network Services from work deployed into NCRC decreased by £5.4m to £20.8m (2013: £26.2m). Total revenue for the Network Services business segment therefore reduced to £39.3m (2013: £42.5m) although gross profit increased to £4.8m (2013: £4.6m), reflecting the greater proportion of Network Services activity being generated through the approved network. Some of the deployments made are invoiced directly by NCRC and approved repairers to Network Services' customers. Total deployments by Network Services during the year of 109,023 (2013 106,646) comprised those to NCRC of 89,915 (2013 91,291) and to approved repairers of 19,108 (2013: 15,355).

***Motorglass***

Motorglass operates a fleet of specialist vans for automotive glass repair and replacement which is coordinated using the Group's common I.T. platform.

Revenue was consistent at £7.2m (2013: £7.2m) with a marginal (£0.2m) reduction in insurance sales being offset by a small improvement of £0.2m in fleet sales. Gross profit reduced to £1.3m (2013: £1.4m) reflecting movement in the customer mix.

**Board Changes**

I would like to join the Chairman in thanking Lady Judge for her contribution to the Group for over eight years before stepping down in March 2014. I would also like to take this opportunity to formally express my appreciation for the work that Stephen Thompson has performed over more than ten years and wish him every success for the future.

**Strategy and Outlook**

The Group's economies of scale and efficient management of work flows provides competitive advantages for customers and there is scope to augment these through carefully targeted acquisitions.

We still only satisfy around 5% of the overall UK demand within the insurance market and we see clear opportunities to enhance our position. As repair capacity realigns against demand we are identifying both regional and national opportunities to continue the pace of consolidation in this market. We remain focused on our industry-leading technology and integrated service approach. Enhanced economies of scale and flow of work also bring significant benefits to customers.

Prospects for growth in the Group's share of the fleet market are good with ongoing focus to extend our mobile repair capability and mobile glass operations to support Nationwide's fixed site repair capability and so provide a more flexible solution than many of our competitors. Additionally, we plan to widen our complementary service offering through a combination of organic developments and acquisitions.

In the retail market, where our market share is less than 1%, we have so far mainly sold to consumers whose vehicles have entered our repair process as a result of an insurance-funded claim. We have plans to further build and communicate our brand, develop matrix pricing and extend our flexible service offering, including mobile repair and glass solutions.

Our combined approach of organic development and acquisitions will help to increase the Group's market share on both a regional and national scale and 2015 has started in line with the Board's expectations. We remain focused on generating further economies of scale and improved flow of work benefiting both our customers and the Group.

**Michael Wilmshurst**
**Chief Executive**
**22 April 2015**

**NATIONWIDE ACCIDENT REPAIR SERVICES PLC**
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**for the year ended 31 December 2014**

| | Notes | 2014 £'000 | 2013 £'000 |
|---|---|---|---|
| **Revenue** | 2 | **187,020** | 156,621 |
| **Cost of sales** | | **(118,343)** | (100,586) |
| **Gross profit** | | **68,677** | 56,035 |
| Distribution costs | | **(38,249)** | (32,214) |
| Administrative costs before amortisation of intangible assets and separately identified items | | **(24,224)** | (19,635) |
| Amortisation of intangible assets | | **(1,673)** | (212) |
| Administrative costs: separately identified items | 3 | **(2,346)** | (2,747) |
| **Total administrative costs** | | **(28,243)** | (22,594) |
| **Operating profit** | | **2,185** | 1,227 |
| Finance costs | 4 | **(882)** | (1,079) |
| **Profit before tax** | | **1,303** | 148 |
| Income tax expense | 5 | **(633)** | (342) |
| **Profit/(loss) for the year attributable to equity holders of the parent** | | **670** | (194) |
| **Other comprehensive income:** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Defined benefit plan actuarial (losses)/gains | | **(4,993)** | 2,648 |
| Tax on other comprehensive income | | **999** | (1,211) |
| **Other comprehensive income** | | **(3,994)** | 1,437 |
| **Total comprehensive income for the year** | | **(3,324)** | 1,243 |
| **Attributable to:** | | | |
| **Equity holders of the parent** | | **(3,324)** | 1,243 |
| **Earnings per Share** | | | |
| Basic | 6 | **1.6p** | (0.5p) |
| Diluted | 6 | **1.6p** | (0.5p) |

**The accompanying notes form an integral part of these financial statements.**

**NATIONWIDE ACCIDENT REPAIR SERVICES PLC**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**as at 31 December 2014**

| | Notes | 2014<br>£'000 | 2013<br>£'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | | **18,453** | 6,654 |
| Property, plant and equipment | | **14,580** | 10,012 |
| Deferred tax asset | | **2,546** | 3,570 |
| | | **35,579** | 20,236 |
| **Current assets** | | | |
| Inventories | | **3,717** | 2,807 |
| Trade and other receivables | | **24,715** | 20,190 |
| Current tax receivable | | **-** | 822 |
| Cash and cash equivalents | | **1,635** | 6,265 |
| | | **30,067** | 30,084 |
| **Total assets** | | **65,646** | 50,320 |
| | | | |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Long-term provisions | | **359** | 979 |
| Hire purchase and finance lease agreements | | **22** | - |
| Pension fund deficit | 8 | **22,099** | 18,706 |
| | | **22,480** | 19,685 |
| **Current liabilities** | | | |
| Short-term provisions | | **935** | 995 |
| Hire purchase and finance lease agreements | | **94** | - |
| Trade and other payables | | **46,525** | 29,687 |
| Current tax liabilities | | **236** | - |
| | | **47,790** | 30,682 |
| **Total liabilities** | | **70,270** | 50,367 |
| **Net liabilities** | | **(4,624)** | (47) |
| | | | |
| **Equity** | | | |
| **Equity attributable to the shareholders of the parent** | | | |
| Share capital | | **5,400** | 5,400 |
| Capital redemption reserve | | **1,209** | 1,209 |
| Share premium account | | **11,104** | 11,104 |
| Revaluation reserve | | **8** | 8 |
| Retained earnings | | **(22,345)** | (17,768) |
| **Total equity** | | **(4,624)** | (47) |

**The accompanying notes form an integral part of these financial statements.**

**NATIONWIDE ACCIDENT REPAIR SERVICES PLC**
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**for the year ended 31 December 2014**

| | Share capital | Capital redemption reserve | Share premium account | Revaluation reserve | Retained earnings | Total |
|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Balance at 1 January 2013** | **5,400** | **1,209** | **11,104** | **8** | **(17,024)** | **697** |
| Dividend paid (see note 7) | - | - | - | - | (1,987) | (1,987) |
| **Transactions with owners** | **-** | **-** | **-** | **-** | **(1,987)** | **(1,987)** |
| Loss for the year | - | - | - | - | (194) | (194) |
| Other comprehensive income | - | - | - | - | 1,437 | 1,437 |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **1,243** | **1,243** |
| **Balance at 31 December 2013** | **5,400** | **1,209** | **11,104** | **8** | **(17,768)** | **(47)** |
| Dividend paid (see note 7) | - | - | - | - | (1,253) | (1,253) |
| **Transactions with owners** | **-** | **-** | **-** | **-** | **(1,253)** | **(1,253)** |
| Profit for the year | - | - | - | - | 670 | 670 |
| Other comprehensive income | - | - | - | - | (3,994) | (3,994) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **(3,324)** | **(3,324)** |
| **Balance at 31 December 2014** | **5,400** | **1,209** | **11,104** | **8** | **(22,345)** | **(4,624)** |

**NATIONWIDE ACCIDENT REPAIR SERVICES PLC**
**CONSOLIDATED CASH FLOW STATEMENT**
**for the year ended 31 December 2014**

| | **2014** | 2013 |
|---|---|---|
| | **£'000** | £'000 |
| **Operating activities** | | |
| **Profit/(loss) for the year** | **670** | (194) |
| **Adjustments to arrive at operating cash flow:** | | |
| Depreciation | **2,636** | 2,260 |
| Amortisation of intangible asset | **1,673** | 212 |
| (Profit)/loss on sale of property, plant and equipment (incl. separately identified items) | **(50)** | 32 |
| Impairment of I.T. system (separately identified item note 3) | **-** | 354 |
| Net finance expense | **77** | 43 |
| Movement in pension fund liability | **1,000** | 1,256 |
| Taxation recognised in profit or loss | **633** | 342 |
| Changes in inventories | **(185)** | (18) |
| Changes in trade and other receivables | **(636)** | 1,127 |
| Changes in trade and other payables | **8,882** | 4,917 |
| Changes in provisions | **1,500** | 1,637 |
| Outflow from provisions | **(2,180)** | **(1,595)** |
| Outflow from pension obligations | **(2,600)** | (2,600) |
| **Net cash flow from operating activities** | **11,420** | 7,773 |
| Tax received/(paid) | **404** | (1,134) |
| | **11,824** | 6,639 |
| **Investing activities** | | |
| Acquisition of Howard Basford business (net of cash acquired) | **(3,983)** | - |
| Acquisition of Gladwins business (net of cash acquired) | **(9,440)** | - |
| Acquisition of Exway business (net of cash acquired) | **-** | (1,732) |
| Additions to property, plant and equipment | **(1,996)** | (2,056) |
| Proceeds from the disposal of property, plant and equipment | **353** | 373 |
| | **(15,066)** | (3,415) |
| Financing activities | | |
| Repayment of obligations under finance leases | **(58)** | - |
| Dividend paid | **(1,253)** | (1,987) |
| Interest paid | **(77)** | (43) |
| | **(1,388)** | (2,030) |
| Net (decrease)/increase in cash and cash equivalents | **(4,630)** | 1,194 |
| Cash and cash equivalents at beginning of year | **6,265** | 5,071 |
| **Cash and cash equivalents at end of year** | **1,635** | 6,265 |

| | **2014** | 2013 |
|---|---|---|
| **Analysis of net cash/(debt)** | **£'000** | £'000 |
| Cash and cash equivalents | **1,635** | 6,265 |
| Finance lease obligations | **(116)** | - |
| **Net cash** | **1,519** | 6,265 |

The accompanying notes form an integral part of these financial statements.

**NATIONWIDE ACCIDENT REPAIR SERVICES PLC**
**NOTES TO THE PRELIMINARY STATEMENT**

## 1. BASIS OF PREPARATION

The financial information set out in this report does not constitute the Company's statutory accounts for the years ended 31 December 2014 or 2013 but is derived from those accounts. Statutory accounts for 2013 have been delivered to the registrar of companies, and those for 2014 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

This preliminary statement has been prepared under the historical cost convention. The accounting policies have remained unchanged from the previous year.

## 2. SEGMENT ANALYSIS

The chief operating decision maker, as defined by IFRS 8, has been identified as the Executive Directors of Nationwide Accident Repair Services plc. The information reported below is consistent with the reports regularly provided to the Board of Directors. The Group operates three main operating segments, Nationwide Crash Repair Centres ("NCRC" which incorporates Mobile Repairs), Network Services and Motorglass (which incorporates Windscreen Invoice Control Service "WICS"). The segments are identified by their distinct functions within the Group, being site-based repairs, supported by mobile vehicle repairs, accident administration and glass services respectively. NCRC comprises a dedicated network of repair centres across England, Scotland and Wales. Network Services provides accident administration services to insurance companies and fleet operators, including deploying work to Nationwide Crash Repair Centres Limited, while Motorglass and WICS provide glass, air conditioning and auto-electronic services to the automotive industry. The income and costs of the holding company are shown within NCRC, which acts as the support function for the NCRC bodyshops.

Intra-Group transactions with Network Services are accounted for including VAT, as the segment is within a separate VAT group. All intra-Group transactions are invoiced or recharged at cost

**The revenues and net result generated by the three business segments are summarised as follows:**

| | NCRC | Network Services | Motorglass | Total |
|---|---|---|---|---|
| **Year to 31 December 2014** | £'000 | £'000 | £'000 | £'000 |
| Revenue from external customers | 162,115 | 18,481 | 6,424 | 187,020 |
| Inter-segment revenues | 744 | 20,848 | 749 | 22,341 |
| Total revenues | 162,859 | 39,329 | 7,173 | 209,361 |
| Depreciation | 2,411 | 129 | 96 | 2,636 |
| Profit before tax | 359 | 857 | 87 | 1,303 |
| Amortisation of intangible assets | 1,673 | - | - | 1,673 |
| Separately identified items | 2,140 | - | 206 | 2,346 |
| Underlying profit before tax | 4,172 | 857 | 293 | 5,322 |
| Total assets | 58,750 | 5,831 | 1,065 | 65,646 |
| Additions to property, plant and equipment | 1,961 | 16 | 19 | 1,996 |
| **Year to 31 December 2013** | | | | |
| Revenue from external customers | 133,809 | 16,303 | 6,509 | 156,621 |
| Inter-segment revenues | 141 | 26,175 | 722 | 27,038 |
| Total revenues | 133,950 | 42,478 | 7,231 | 183,659 |
| Depreciation | 2,087 | 44 | 129 | 2,260 |
| (Loss)/ profit before tax | (757) | 523 | 382 | 148 |
| Amortisation of intangible assets | 212 | - | - | 212 |
| Separately identified items | 2,259 | 488 | - | 2,747 |
| Underlying profit before tax | 1,714 | 1,011 | 382 | 3,107 |
| Total assets | 37,540 | 9,813 | 2,967 | 50,320 |
| Additions to property, plant and equipment | 1,709 | 294 | 53 | 2,056 |

## 2. SEGMENT ANALYSIS (CONTINUED)

The Group is involved within three main areas of the market; insurance, fleet and retail work. The revenues attributable to each area are summarised as follows:

| | **2014** | | 2013 | |
|---|---|---|---|---|
| Group | **Revenue** | **% of total** | Revenue | % of total |
| | **£000** | | £000 | |
| Insurance | **139,132** | **74.4%** | 111,557 | 71.2% |
| Fleet | **43,723** | **23.4%** | 40,410 | 25.8% |
| Retail | **4,165** | **2.2%** | 4,654 | 3.0% |
| Revenue from external customers | **187,020** | | 156,621 | |

## 3. ADMINISTRATIVE COSTS: SEPARATELY IDENTIFIED ITEMS

| | **2014** | 2013 |
|---|---|---|
| | **£'000** | £'000 |
| Site closure costs | **(1,647)** | (2,123) |
| Release of closure provision | **103** | 126 |
| Employee settlements | **(138)** | (229) |
| Derek Gladwin Limited acquisition fees | **(203)** | - |
| Auto Think Limited acquisition fees | **(280)** | - |
| Exway acquisition fees | **-** | (167) |
| Asset impairment | **-** | (354) |
| Glass cost adjustments | **(181)** | - |
| | **(2,346)** | (2,747) |

The site closure costs of £1,647,000 (2013: £2,123,000) include additional provision for future rental commitments, dilapidations and costs in relation to closed sites. Four sites were closed in 2014.

The release of £103,000 of the closure provision to separately identified items in 2014 (2013: £126,000) followed the negotiation of exits from the lease commitments at the previously closed Wednesbury and Walsall sites.

The employee settlements of £138,000 in 2014 (2013: £229,000) arose principally following the integration of acquisitions.

Professional fees in respect of the acquisition of Derek Gladwin Limited in 2014 were £203,000 and fees in respect of the acquisition of Auto Think Limited were £280,000 (2013: costs associated with the acquisition of Exway were £167,000).

In 2013, a full fixed asset impairment review of the Voyager 2 system, which is no longer used by Network Services (Nationwide) Limited, was undertaken and an adjustment of £354,000 made in the year to reflect fair values.

The Glass cost adjustments of £181,000 arose in WICS and relate to the change from cash accounting for this business.

**NATIONWIDE ACCIDENT REPAIR SERVICES PLC**
**NOTES TO THE PRELIMINARY STATEMENT**

## 4. FINANCE COSTS

| | **2014** | 2013 |
|---|---|---|
| | **£'000** | £'000 |
| Interest payable on bank balances | **(72)** | (43) |
| Interest payable on hire purchase and finance leases agreements | **(5)** | - |
| | **(77)** | (43) |
| Pension costs (see note 8): | | |
| Interest expense | **(4,133)** | (4,027) |
| Interest income | **3,328** | 2,991 |
| | **(882)** | (1,079) |

## 5. TAX EXPENSE

| | **£'000** | **£'000** |
|---|---|---|
| Current tax: | | |
| | **2014** | 2013 |
| | **£'000** | £'000 |
| Current tax: | | |
| United Kingdom corporation tax at 21.5% (2013: 23.25%) | **552** | 81 |
| Adjustments in respect of prior years | **7** | (501) |
| | **559** | (420) |
| Deferred tax: | | |
| Movement relating to pension liability (IAS 19) | **296** | 269 |
| Temporary differences origination and reversal | **(222)** | 312 |
| Losses carried forward | **-** | 181 |
| | **633** | 342 |

| The tax assessed for the period is higher (2013: higher) than the effective rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained as follows: | **2014** **£'000** | 2013 £'000 |
|---|---|---|
| Profit for the year before tax | **1,303** | 148 |
| Profit on ordinary activities before tax multiplied by effective rate of UK corporation tax of 21.5% (2013: 23.25%) | **280** | 34 |
| Effect of: | | |
| Adjustments in respect of prior years | **47** | 106 |
| Re-measurement of deferred tax – change in UK tax rate | **-** | (16) |
| Effect of rate changes – change in UK tax rate | **(27)** | (28) |
| Transfer of deferred tax between companies | **16** | - |
| Marginal rate adjustment | **(3)** | (7) |
| Items not deductible for tax purposes | **320** | 253 |
| **Total tax charge for the year** | **633** | 342 |

## 6. EARNINGS PER SHARE

***Basic earnings per share***

Basic earnings per share of 1.6p (2013: 0.5p loss) has been calculated using the net profit attributable to the shareholders of the Company of £670,000 (2013: £194,000 loss). The weighted average number of outstanding shares used for basic earnings per share amounted to 43,197,220 (2013: 43,197,220).

***Diluted earnings per share***

Diluted earnings per share of 1.6p (2013: 0.5p loss) has been calculated using the net profit attributable to the shareholders of the Company of £670,000 (2013: £194,000 loss). The weighted average number of outstanding shares used for basic earnings per share amounted to 43,197,220 (2013: 43,197,220).

In the current year due to the average market price of £0.75, the share options are not included in the dilutive earnings per share calculation. In 2013, the average market price was £0.65 and similarly, due to the share options being anti-dilutive, the diluted earnings per share is the same as the basic earnings per share.

***Underlying earnings per share***

The underlying earnings per share has been calculated as follows:

| | **2014** | 2013 |
|---|---|---|
| | **£'000** | £'000 |
| Profit before tax (as stated) | **1,303** | 148 |
| Amortisation of intangible assets | **1,673** | 212 |
| Separately identified items (note 5) | **2,346** | 2,747 |
| | **5,322** | 3,107 |
| Tax expense (as stated) | **(633)** | (342) |
| Tax effect on amortisation of intangible assets | **(351)** | (42) |
| Tax effect on separately identified items | **(290)** | (515) |
| | **4,048** | 2,208 |
| Underlying earnings per share (basic and diluted) | **9.4p** | 5.1p |

## 7. DIVIDENDS

During 2014, the Group paid dividends of £1,252,719 (2013: £1,987,100) to its equity shareholders. These comprised:

- a final dividend in respect of 2013 of 1.9p per share paid in June 2014 (£820,747); and
- an interim dividend in respect of 2014 of 1.0p per share paid in November 2014 (£431,972).

## 8. PENSION AND OTHER EMPLOYEE ASSETS/OBLIGATIONS

The Group participates in a defined benefit pension scheme. It is a final salary scheme which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. The pensions in payment are generally increased in line with inflation or subject to fixed increases.

The scheme is closed to new entrants and was also closed to future benefit accrual from July 2006. Benefits are paid to members from trustee-administered funds, who are responsible for ensuring that the scheme is sufficiently funded to meet current and future benefit payments. Scheme assets are held in trusts and are governed by local regulations and practice in each country. If investment experience is worse than expected, the Group's obligations are increased.

The trustees must agree a funding plan with the sponsoring company such that any funding shortfall is expected to be met by additional contributions and investment outperformance. In order to assess the level of contributions required, triennial valuations are carried out with the scheme's obligations measured using prudent assumptions (relative to those used to measure accounting liabilities).

The scheme trustees' other duties include managing the investment of scheme assets, administration of scheme benefits and exercising of discretionary powers. The Group works closely with the trustees to manage the scheme.
The table below sets out the details of the latest funding valuations, including current agreed cash contributions.

| **Details of the last funding valuation** | **£'000** |
|---|---|
| Date of last formal funding valuation | 31 December 2011 |
| Assets at valuation date | 61,477 |
| Funding liabilities at valuation date | 99,658 |
| Surplus / (deficit) at valuation date | (38,181) |
| Lump sum contributions per annum to remove the deficit | £2,600,000 per annum from 5 November 2014 |
| Period over which the deficit is expected to be removed | November 2014 to 31 December 2023 |

| **Plan details** | |
|---|---|
| Duration of the defined benefit obligation | 18 years at 31 December 2014 |
| Estimated company contributions for FY15 | £2,600,000 |

**Principal accounting assumptions at balance sheet dates**

The assumptions used in calculating the accounting costs and obligations of the defined benefits pension plans, as detailed below, are set by the Directors after consultation with independent, professionally qualified actuaries.

The discount rate used to determine the present value of the obligations is set by reference to market yields on high quality corporate bonds. The assumptions for price inflation are set by reference to the difference between yields on longer-term conventional government bonds and index-linked bonds with appropriate adjustments to reflect distortions due to supply and demand, except for UK CPI inflation, which is set by reference to RPI inflation as no CPI-linked bonds exist.

The assumptions for life expectancy have been set with reference to the actuarial tables in accordance with published statistics in the UK and the latest funding valuation with an element of prudence removed.

## 8. PENSION AND OTHER EMPLOYEE ASSETS/OBLIGATIONS (CONTINUED)

| | **31 December 2014 %** | 31 December 2013 % |
|---|---|---|
| Interest rate for discounting liabilities | **3.70** | 4.60 |
| Deferred Revaluation | **1.80** | 2.35 |
| Pension increases in payment in line with RPI or 5% pa if less | **3.00** | 3.35 |
| Pension increases in payment in line with RPI or 2.5% pa if less | **2.50** | 2.50 |
| RPI rate of inflation | **3.00** | 3.35 |
| CPI rate of inflation | **1.80** | 2.25 |
| Mortality | | |
| Current / future pensioners: | **99% / 103% S1PxA, CMI 2014 1%** | 99% / 103% S1PxA, Medium Cohort 1% |
| Life expectancies | | |
| For a 65 year old male (current pensioner) | **22.1** | 21.8 |
| For a 65 year old male (future pensioner) | **21.8** | 21.4 |
| For a 65 year old male, currently aged 45 | **23.1** | 23.3 |
| For a 65 year old female (current pensioner) | **24.4** | 24.4 |
| For a 65 year old female (future pensioner) | **24.1** | 24.0 |
| For a 65 year old female, currently aged 45 | **25.6** | 25.9 |
| Cash commutation | **90% take 30% of Pension** | 90% take 30% of Pension |

| **The amounts recognised in the balance sheet are as follows** | **31 December 2014** | **31 December 2013** |
|---|---|---|
| Fair value of scheme assets | **78,662** | 72,624 |
| Present value of scheme Liabilities | **100,761** | 91,330 |
| **Net liability recognised under IAS 19** | **(22,099)** | (18,706) |

## 8. PENSION AND OTHER EMPLOYEE ASSETS/OBLIGATIONS (CONTINUED)

***The movement in the defined benefit obligation over the year is as follows:***

| | Present value of obligation | Fair value of plan assets | Surplus / (Deficit) or Income / (Expense) |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| **At 1 January 2013** | **86,413** | **63,715** | **(22,698)** |
| Current service cost | | | |
| Administration expenses | 220 | - | (220) |
| Interest expense / (income) | 4,027 | 2,991 | (1,036) |
| Past service cost / settlements | - | - | - |
| **Total amount recognised in income statement** | **4,247** | **2,991** | **(1,256)** |
| Return on plan assets, excluding amounts included as interest | - | 6,468 | 6,468 |
| Change in demographic assumptions | - | - | - |
| Change in financial assumptions | 3,873 | - | (3,873) |
| Experience (gains) / losses | (53) | - | 53 |
| **Total remeasurements in other comprehensive income** | **3,820** | **6,468** | **2,648** |
| Employer contributions | - | 2,600 | 2,600 |
| Employee contributions | - | - | - |
| Benefit payments | (3,150) | (3,150) | - |
| **At 31 December 2013** | **91,330** | **72,624** | **(18,706)** |

| | Present value of obligation | Fair value of plan assets | Surplus / (Deficit) or Income / (Expense) |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| **At 1 January 2014** | **91,330** | **72,624** | **(18,706)** |
| Current service cost | | | |
| Administration expenses | - | (195) | (195) |
| Interest expense / (income) | 4,133 | 3,328 | (805) |
| Past service cost / settlements | - | - | - |
| **Total amount recognised in income statement** | **4,133** | **3,133** | **(1,000)** |
| Return on plan assets, excluding amounts included as interest | - | 3,267 | 3,267 |
| Change in demographic assumptions | (591) | - | 591 |
| Change in financial assumptions | 10,400 | - | (10,400) |
| Experience (gains) / losses | (1,549) | - | 1,549 |
| **Total remeasurements in other comprehensive income** | **8,260** | **3,267** | **(4,993)** |
| Employer contributions | - | 2,600 | 2,600 |
| Employee contributions | - | - | - |
| Benefit payments | (2,962) | (2,962) | - |
| **At 31 December 2014** | **100,761** | **78,662** | **(22,099)** |

## 8. PENSION AND OTHER EMPLOYEE ASSETS/OBLIGATIONS (CONTINUED)

| **Asset categories at period end** | **31 December 2014 %** | 31 December 2013 % |
|---|---|---|
| Equities | **70.0%** | 72.7% |
| Bonds | **20.9%** | 22.8% |
| Diversified Growth Funds | **6.9%** | 2.4% |
| Cash | **2.2%** | 2.1% |
| Total | **100.0%** | 100.0% |

***The amounts recognised in the statement of comprehensive income are:***

| | **2014 £'000** | 2013 £'000 |
|---|---|---|
| Current service cost | **195** | 220 |
| Net interest on the net defined benefit liability | **805** | 1,036 |
| Total expense | **1,000** | 1,256 |
| Charged to: | | |
| Administration expenses | **195** | 220 |
| Finance costs | **805** | 1,036 |
| | **1,000** | 1,256 |

## 8. PENSION AND OTHER EMPLOYEE ASSETS/OBLIGATIONS (CONTINUED)

**This disclosure is in respect of the defined benefit section of the Fund only.**

The defined benefit pension scheme, in common with the majority of such schemes, has a number of areas of risk. These areas of risk, and the ways in which the Group has sought to manage them, are set out in the table below.

The risks are considered from both a funding perspective, which drives the cash commitments of the Group, and from an accounting perspective, i.e. the extent to which such risks affect the amounts recorded in the Group financial statements.

| Risk | Description |
|---|---|
| Asset volatility | The funding liabilities are calculated using a discount rate set with reference to government bond yields, with allowance for additional return to be generated from the investment portfolio. The defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields. The scheme holds a large proportion of its assets in equities and other return-seeking assets. The returns on such assets tend to be volatile and are not correlated to government bonds. This means that the funding level is likely to be volatile in the short-term, potentially resulting in short-term cash requirements and an increase in the net defined benefit liability recorded on the balance sheet. However, the Company believes that equities offer the best returns over the long term with an acceptable level of risk and hence holds a significant proportion. However, the schemes' assets are diversified by investing in a range of asset classes, including diversified growth funds and corporate bonds. The investment in bonds is discussed further below. |
| Inflation risk | A significant proportion of the scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although in most cases caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the scheme's assets are either unaffected by inflation (fixed interest bonds) or loosely correlated with inflation (equities), meaning that an increase in inflation will also increase the deficit. |
| Life expectancy | The scheme obligations are to provide a pension for the life of the member, so increases in life expectancy will result in an increase in the scheme's liabilities. This is particularly significant, where the longer duration and inflation-linked nature of the payments result in higher sensitivity to changes in life expectancy. |
| Changes in bond yields | Falling bond yields tend to increase the funding and accounting liabilities. However, the investment in corporate bonds offers a degree of matching, i.e. the movement in assets arising from changes in bond yields partially matches the movement in the funding or accounting liabilities. In this way, the exposure to movements in bond yields is reduced. |

**Sensitivity analysis**

Some of the above changes in assumptions may have an impact on the value of the schemes' investment holdings. For example, the scheme holds a proportion of its assets in UK corporate bonds. A fall in the discount rate as a result of lower UK corporate bond yields would lead to an increase in the value of these assets, thus mitigating the increase in the defined benefit obligation to some extent. The extent to which these sensitivities are managed are discussed further below.

| | **Increase in assumption** | **Decrease in assumption** |
|---|---|---|
| ***Sensitivity to:*** | | |
| Interest rate for discounting liabilities (0.50%p.a.) | **(£8,400,000)** | £9,600,000 |
| RPI inflation (including effects on CPI, salary growth and pension increases) | **£4,100,000** | (£3,600,000) |
| Life expectancy (1 year) | **£4,100,000** | (£3,600,000) |

## 9. BUSINESS COMBINATIONS

**Analysis of assets and liabilities acquired**

On 15 February 2014 the Group acquired Auto Think Limited, the holding company of Howard Basford Limited ("Howard Basford"). The addition of Howard Basford is highly complementary to the Group's existing operations and provides a significantly enhanced presence in the North West region, with the prospect of economies of scale and flow as well as other efficiencies. It also helps to increase the Group's presence in its target markets of insurance, fleet and retail. 100% of the voting rights were acquired. Howard Basford is a leading provider of crash repair services in the North West of England. The fair value of consideration for the acquisition is £6,225,000 comprising £4,475,000 cash and £1,750,000 contingent consideration. Transactions fees associated with the acquisition and expensed to the Consolidated Statement of Comprehensive Income in 2014 were £280,000.

| | Book Value £'000 | Fair Value Adjustments £'000 | Fair Value on Acquisition £'000 |
|---|---|---|---|
| Intangible assets | 138 | 4,097 | 4,235 |
| Property, plant and equipment | 568 | 68 | 636 |
| Trade and other receivables | 2,835 | (229) | 2,606 |
| Inventories | 416 | - | 416 |
| Cash and cash equivalents | 492 | - | 492 |
| Finance lease obligations | (114) | - | (114) |
| Trade and other payables | (2,589) | (639) | (3,228) |
| Current tax liability | (198) | 103 | (95) |
| Deferred tax | 54 | (747) | (693) |
| **Net assets acquired** | **1,602** | **2,653** | **4,255** |
| Goodwill | | | **1,970** |
| Consideration paid | | | **6,225** |
| **Satisfied by** | | | |
| **Cash** | | | **4,475** |
| **Contingent consideration** | | | **1,750** |
| **Total purchase consideration** | | | **6,225** |

In the period 15 February 2014 to 31 December 2014, Howard Basford contributed revenue of £16,773,000 and profit of £809,000.

If Howard Basford had been acquired on 1 January 2014, the impact upon revenue would have been £19,512,000 and profit £967,000.

**Fair value adjustments**

On acquisition of Auto Think Limited, all assets were fair valued and appropriate intangible assets recognised following the principles of IFRS3. A deferred tax liability related to these intangible assets was also recognised. Management identified the main material intangible asset as customer relationships acquired with Howard Basford. This intangible asset was valued using the excess earnings method at £4,235,000. These customer relationships are being amortised over a period of five years which, in accordance with IAS 38, reflects the pattern of benefits from these relationships. A £747,000 credit to deferred tax has been made to record the liability arising on these intangible assets.

Contingent consideration of £1,750,000 is payable in 2015 subject to certain performance criteria being attained.

Goodwill of £1,970,000 represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. The goodwill arising on the acquisition is largely attributable to the synergies anticipated to be associated with being part of the enlarged Group.

## 9. BUSINESS COMBINATIONS (CONTINUED)

**Provisional analysis of assets and liabilities acquired**

On 17 September 2014 the Group acquired Derek Gladwin Limited ("Gladwins"). Gladwins is a leading provider of crash repair services in the East of England and, like our previous acquisitions, its purchase is in line with our strategy to expand selectively in territories providing competitive advantage for our customers as well as delivering economies of scale and work flow efficiencies alongside our plans to build our presence in the insurance, fleet and retail markets. 100% of the voting rights were acquired. The fair value of consideration for the acquisition is £10,160,000 comprising £10,160,000 in cash. Transactions fees associated with the acquisition and expensed to the Consolidated Statement of Comprehensive Income in 2014 were £203,000.

| | Book Value £'000 | Fair Value Adjustments £'000 | Fair Value on Acquisition £'000 |
|---|---|---|---|
| Intangible assets | 8 | 3,677 | 3,685 |
| Investments | 5 | (5) | - |
| Property, plant and equipment | 5,291 | (416) | 4,875 |
| Trade and other receivables | 1,418 | (135) | 1,283 |
| Inventories | 309 | - | 309 |
| Cash and cash equivalents | 720 | - | 720 |
| Finance lease obligations | (60) | - | (60) |
| Trade and other payables | (1,686) | (1,292) | (2,978) |
| Deferred tax | (88) | (1,168) | (1,256) |
| **Net assets acquired** | **5,917** | **661** | **6,578** |
| Goodwill | | | **3,582** |
| Consideration paid | | | **10,160** |
| **Satisfied by** | | | |
| Cash | | | **10,160** |
| Total purchase consideration | | | **10,160** |

In the period 17 September 2014 to 31 December 2014, Gladwins contributed revenue of £5,143,000 and profit of £298,000. If Gladwins had been acquired on 1 January 2014, the impact upon revenue would have been £16,210,000 and profit £1,002,000.

**Fair value adjustments**

On acquisition of Derek Gladwin Limited, all assets were fair valued and appropriate intangible assets recognised following the principles of IFRS3. A deferred tax liability related to these intangible assets was also recognised. Management identified the main material intangible asset as customer relationships acquired with Gladwins. This intangible asset was valued using the excess earnings method at £3,685,000. These customer relationships are being amortised over a period of five years which, in accordance with IAS 38, reflects the pattern of benefits from these relationships. A £1,168,000 credit to deferred tax has been made to record the liability arising on these intangible assets.

Goodwill of £3,582,000 represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. The goodwill arising on the acquisition is largely attributable to the synergies anticipated to be associated with being part of the enlarged Group.

## 10. POST BALANCE SHEET EVENTS

On 1 April 2015 the Group acquired Seward Accident Repair Centres Limited ("Sewards"). The addition of Sewards provides a significantly enhanced presence in the South, with the prospect of economies of scale and flow as well as other efficiencies.
Sewards is a leading provider of crash repair services in the South of England. The fair value of consideration for the acquisition is £3,800,000 payable in cash.
Due to the timing of the Sewards acquisition no fair value adjustments have yet been considered and management have yet to identify acquired intangibles.

## 11. FINANCIAL STATEMENTS

The audited financial statements will be available in due course. This announcement is available from the registered office of Nationwide Accident Repair Services plc at 17A Thorney Leys Park, Witney, Oxfordshire, OX28 4GE and on the Company's website, www.narsplc.com.

**END**