Micheldever Tyre Services Limited

Annual report and financial statements
for the 9 month period ended 31 December 2017
Registration number 1817398

Contents

Strategic report

Business review

The Company results for the 9 month period and financial position of the Company are shown as annexed financial statements. The company changed its year end from March to December to align its reporting period with its ultimate parent company, Sumitomo Rubber Industries Limited.

Industry analysts suggest that whilst the age of the UK car parc and the relative price point has supported growth in the mid-range segment, the UK tyre market shrunk by c. 3% in 2017, with Premium and Budget segments in particular decline. Our like for like volumes were broadly flat in the same period suggesting that we have gained market share from our competitors. We continue to focus on margin rather than unit or revenue growth and on providing the best possible value to our customers.

We have continued to successfully execute our retail acquisition strategy, adding six new retail centres through the financial period and completing our largest acquisition, adding the 31 centres of Bathwick Tyres in April 2018. With further acquisitions planned, the pipeline of opportunities remains extremely strong.

We believe that the Pound is unlikely to depreciate significantly further in the coming year, and any inflation in tyre prices will be due to raw material and labour cost pressures in production. The Company expects market conditions to improve slowly during the coming year with the age of the UK car parc supporting continued growth in the premium and particularly mid-range segments, however we are aware that the continued uncertainty surrounding the United Kingdom's withdrawal from the European Union could have a negative impact on consumer confidence that outweigh these positive factors.

Principal risks and uncertainties

The Company is proactive in its assessment of market and competitive risk, ensuring that any developments are understood and mitigating actions put in place to combat any associated risks.

The Company does not use derivative instruments to manage exchange risk as exchange rate fluctuations typically feed directly into market prices.

The Company maintains usual commercial insurance policies for a business of this type. Group credit risk is managed separately for each customer and, where appropriate, a credit limit is set for the customer based on previous experience of the customer and third-party credit ratings. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers. To manage credit risk further the Group operates a trade insurance policy. The Company has exposure to two further areas of risk – foreign exchange currency exposure and liquidity risk.

Strategic report (continued)

Going concern

The financial statements have been prepared on the going concern basis, which assumes that we will continue trading and that as confirmed to us by our immediate parent company, it will not call upon the intercompany loan facility which it has provided in the next 12 months. Based on the available facilities and confirmation of continued support from the parent company, the Directors have reviewed financial projections and cash flow forecasts for the next year, and are satisfied that the Group has adequate resources to continue in operation for the foreseeable future and consequently the financial statements continue to be prepared on a going concern basis.

Key performance indicators

The key focus for the Company is maximising normalised profit before tax. This is defined as profit before tax after adjusting for one off or non-recurring items as determined by management. Non-recurring items for the 9 month period ending 31 December 2017 were significant and those items of expenditure related solely to additional customs duty payable on exiting the bonded warehouse arrangements. Management were satisfied with the level of normalised profit before tax in the context of target performance, taking into account changes in overheads arising from the change in ownership structure and amounts accruing under long term incentive plans.

	9 months 31 December 2017 £000	Restated 12 months 31 March 2017 £000
Profit before tax	2,550	6,204
One off and non-recurring items (note 5)	1,994	1,282
Normalised profit before tax	**4,544**	**7,486**

By order of the board

D Wilkes
Director

13 September 2018

Directors' report

The directors present their directors' report and financial statements for the 9 month period ended 31 December 2017. The company changed its accounting framework from FRS102 to FRS101 to align reporting with its ultimate parent company, Sumitomo Rubber Industries Limited.

Principal activities

The main activity of the Company in the year under review was that of a distributor of tyres, automotive products and associated services.

Proposed dividend

The directors do not recommend the payment of a dividend (March 2017: £nil).

Future developments and subsequent events

The Company seeks continuous improvement and is developing a series of initiatives to further enhance its service offering to customers. The proven retail acquisition strategy will continue to be pursued.

Directors

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

Name	Appointment date
D. Wilkes	2 December 2013
J. Cowles	24 May 2007
A. Hohana	16 March 2017
I. Ishida	16 March 2017
Y. Kuroda	16 March 2017

Directors' report (continued)

Employees

The Directors are fully committed to policies which ensure equal opportunities for all staff. All sections of the population have equal access to jobs offered by the Company and no person receives less favourable consideration because of gender, ethnic or national origin, disability, religion, marital status, sexuality or responsibility for dependants.

Information relating to conditions of employment, health and safety and other relevant matters is circulated to staff and regular meetings are held with staff representatives on matters likely to affect the interests of the Company and its staff.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the Company's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Political contributions

The Company made no political donations or incurred any political expenditure during the year (March 2017: £nil).

Disclosure of information to auditor

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

D Wilkes
Director

Micheldever Station
Winchester
Hampshire
SO21 3AP

13 September 2018

Statement of directors' responsibilities in respect of the Strategic Report and the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report and the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of their profit or loss for that period. In preparing each of the Company financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
Gateway House
Tollgate
Chandlers Ford
SO53 3TG
United Kingdom

Independent auditor's report to the members of Micheldever Tyre Services Limited

We have audited the financial statements of Micheldever Tyre Services Limited ("the company") for the period 1 April 2017 to 31 December 2017 which comprise the profit and loss account, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report (continued)

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

J Breakell

Julie Breakell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Gateway House
Tollgate
Chandlers Ford
SO53 3TG

20/9/18

Profit and loss account for the 9 month period ended 31 December 2017

	Note	9 months 31 December 2017 £000	Restated 12 months 31 March 2017 £000
Turnover	3	269,872	329,322
Cost of sales		(194,174)	(233,350)
Gross profit		75,698	95,972
Distribution costs		(64,865)	(79,273)
Administrative expenses		(8,440)	(5,617)
Other operating income	4	336	260
Operating profit		2,729	11,342
Other interest receivable and similar income	8	1	8
Income from shares in group undertakings	8	2,914	2,504
Interest payable and similar expenses	9	(180)	(5,256)
Amounts written off investments	9	(2,914)	(2,394)
Profit before taxation		2,550	6,204
Taxation	10	(413)	(1,260)
Profit for the year		2,137	4,944

There are no other gains or losses in the period.

The notes on pages 11 - 36 form part of these financial statements.

Balance sheet as at 31 December 2017

	Note	31 December 2017 £000	Restated 31 March 2017 £000
Fixed assets			
Investments	13	2,827	2,947
Intangible assets			
Goodwill	11	30,980	27,511
Other intangibles	11	4,499	2,581
		35,479	30,092
Tangible assets	12	17,617	14,821
Total fixed assets		55,923	47,860
Current assets			
Stocks	14	49,936	48,426
Debtors	15	48,540	47,649
Cash at bank and in hand	16	18,741	18,422
Total current assets		117,217	114,497
Creditors: amounts falling due within one year	17	(124,221)	(114,500)
Net current liabilities		(7,004)	(3)
Total assets less current liabilities		48,919	47,857
Creditors: amounts falling due after more than one year	18	-	(960)
Provisions for liabilities			
Other provisions	22	(218)	(333)
Total non-current liabilities		(218)	(1,293)
Net assets		48,701	46,564
Capital and reserves			
Called up share capital	24	50	50
Profit and loss account	24	48,651	46,514
Shareholder equity		48,701	46,564

These financial statements were approved by the board of directors on 13 September 2018 and were signed on its behalf by:

D Wilkes
Director

Company registration number: 1817398

Statement of changes in equity as at 31 December 2017

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 31 March 2016	50	41,570	41,620
Total comprehensive income for the period			
Profit or loss	-	4,944	4,944
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	4,944	4,944
Balance at 31st March 2017	50	46,514	46,564
Total comprehensive income for the period			
Profit or loss	-	2,137	2,137
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	2,137	2,137
Balance at 31st December 2017	50	48,651	48,701

Notes to the financial statements for the 9 month period ended 31 December 2017

1 Accounting policies

Micheldever Tyre Services Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 1817398 and the registered address is Micheldever Station, Winchester, Hampshire, SO21 3AP.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied. The company changed its accounting framework from FRS102 to FRS101 to align reporting with its ultimate parent company, Sumitomo Rubber Industries Limited.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 29.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Fair value or revaluation as deemed cost – At 1st April 2016, fair value has been used as deemed cost for properties previously measured at fair value.

The Company's ultimate parent undertaking, Sumitomo Rubber Industries Limited, a company incorporated in Japan, includes the Company in its consolidated financial statements. The consolidated financial statements of Sumitomo Rubber Industries Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from www.srigroup.co.jp.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- Disclosures in respect of the compensation of Key Management Personnel and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

Notes (continued)

1 Accounting policies (continued)

As the consolidated financial statements of Sumitomo Rubber Industries Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill,
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 IFRS balance sheet at 1st April 2016 for the purposes of the transition to FRS 101 Adopted IFRSs.

The preparation of financial statements requires management to exercise judgement in applying the accounting policies. It also requires the use of estimates and assumption that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In this regard the useful life for customer lists, goodwill impairment and the required level for the dilapidations provision involves a higher degree of judgement and is explained in more detail in the related notes, refer to note 1.9, 11 and 22.

1.1 Change in accounting policy

In these financial statements, the Company has changed its accounting policies in the following areas:

The transition from FRS102 to FRS101 was applied retrospectively similarly to a change in accounting policy, prior year results have therefore been restated, an explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 29.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis. Tangible and intangible assets are recognised at historical cost less associated depreciation and amortisation with the exception of goodwill which is not amortised.

1.3 Going concern

The financial statements have been prepared on the going concern basis, which assumes that we will continue trading and that as confirmed to us by our immediate parent company, it will not call upon the intercompany loan facility which it has provided in the next 12 months. Based on the available facilities and confirmation of continued support from the parent company, the Directors have reviewed financial projections and cash flow forecasts for the next year, and are satisfied that the Group has adequate resources to continue in operation for the foreseeable future and consequently the financial statements continue to be prepared on a going concern basis.

Notes (continued)

1 Accounting policies (continued)

1.4 Foreign currency

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

1.5 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company and
- where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

1.6 Non-derivative financial instruments

Non-derivative financial instruments comprise investments, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors
Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors
Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments
Investments in subsidiaries are carried at historical cost less any impairment.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits.

Notes (continued)

1 Accounting policies (continued)

1.6 Non-derivative financial instruments (continued)

Interest-bearing borrowings

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

1.7 Tangible fixed assets

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

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

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

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

The estimated useful lives are as follows:

- Leasehold property	Life of lease
- Plant and machinery	5 years
- Fixtures and fittings	5 years
- Motor Vehicles	4 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.8 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the company.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the company measures goodwill at the acquisition date as:

- The fair value of the consideration (excluding contingent consideration) transferred plus
- Estimated amount of contingent consideration (see below) plus
- The recognised amount of any non-controlling interests in the acquire plus
- The fair value of the existing equity interest in the acquire less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Notes (continued)

1 Accounting policies (continued)

1.8 Business combinations (continued)

Any contingent consideration payable balances arising in the periods beginning after 1 January 2016 is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For contingent consideration balances arising in the periods beginning before 1 January 2016: Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

1.9 Intangible assets, goodwill and negative goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment.

Negative goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included within fixed assets and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered, whether through depreciation or sale. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Customer lists 5 years

The basis for choosing the above useful life is based on the expected customer retention of 44% in the 60 months following acquisition. This estimate was revised during the current reporting period as a 2 year period was previously applied. Further analysis of the impact of this change is presented in note 11.

Notes (continued)

1 Accounting policies (continued)

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks and other costs in bringing them to their existing location and condition.

1.11 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

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

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

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Notes (continued)

1 Accounting policies (continued)

1.11 Impairment excluding stocks and deferred tax assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.12 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.13 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.14 Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts. All sales are derived from the distribution of tyres and other automotive products.

Turnover and cost of sales on one customer contract (where tyres are delivered by the Company but sold back to the tyre suppliers, for them to sell to the customer directly) are treated as linked transactions, and the turnover and cost of sales are recognised as a net transaction. However, associated stock, trade debtors, and trade creditor balances are recognised gross on the balance sheet.

1.15 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Finance lease payments

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

Notes (continued)

1 Accounting policies (continued)

1.15 Expenses (continued)

Interest receivable and interest payable

Interest payable and similar expenses include interest payable, finance expense on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

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

1.16 Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.17 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted, however the Company has not early adopted the new or amended standards in preparing these financial statements.

The Company is required to adopt IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from 1 January 2018, and IFRS 16 Leases from 1 January 2019. Management are currently performing an impact assessment of these new standards with no significant impact expected as a result of IFRS 15 and IFRS 16.

Notes (continued)

2 Acquisitions of businesses

Acquisitions in the current period

During the period, the Company acquired 100% of the issued share capital of Coombe Garage Tyres Limited (acquired on 10th April 2017), Autokwik Limited (acquired on 22nd May 2017), Elmbridge Tyre Services Ltd (acquired on 10 July 2017), MK Tyres Ltd (acquired on 18 September 2017) and Phoenix 2 (Cumbria) Limited (acquired on 12th November 2017.

Goodwill recognised during the year as a result of the above acquisitions amounts to £3,657,961. The value of the customer list relating to these acquisitions was £2,554,461 and will be written off over 5 years from acquisition date.

The net assets of the businesses were taken into the books of Micheldever Tyre Services Limited at fair value at the dates of acquisition. The date of acquisition is the date that the trade and assets were hived up into the Company.

Acquisitions during the period contributed £7,623,606 (March 2017: £9,632,502) to revenue and £600,585 (March 2017: £1,593,452) to operating profit.

Effect of acquisition

The acquisition had the following effect on the Company's assets and liabilities:

Acquiree's net assets at the acquisition date:	Recognised fair values on acquisition £000
Tangible fixed assets	-
Stocks	1,002
Trade and other debtors	1,742
Cash	2,580
Trade and other creditors	(2,589)
Deferred tax liability relating to intangible asset	(434)
Customer List	2,554
Net identifiable assets and liabilities	4,855
Total cost of business combination:	
Consideration paid:	
Initial cash price paid	8,513
Total consideration	8,513
Goodwill on acquisition	3,658

Notes (continued)

2 Acquisitions of businesses (continued)

Acquisitions in the prior period

In the prior period, the Company acquired the trade and assets of CarTec UK Ltd. In addition, the Company acquired 100% of the issued share capital of Bell Silencer Services Ltd (acquired on 9th May 2016), The 10th March Group Limited (acquired on 23rd May 2016), P&R Autocentres Limited (acquired on 11th July 2016), Denton Tyre Centre Ltd (acquired on 25th July 2016), Treadmark Tyres Ltd (acquired on 17th October 2016) and Largedouble Ltd (acquired on 21st March 2017 for £11,757,231 (including professional fees).

Resulting in goodwill of £8,096,875 recognised. The value of the customer list relating to these acquisitions was £2,371,042 written off over 2 years from acquisition date.

The net assets of the businesses were taken into the books of Micheldever Tyre Services Limited at fair value at the dates of acquisition. The date of acquisition is the date that the trade and assets were hived up into the Company. In addition, the Company also acquired the remaining 50% of Fleet Tyre Network for £2,798,030 on 10th February 2017.

Effect of acquisition

The acquisition had the following effect on the Company's assets and liabilities:

Acquiree's net assets at the acquisition date:	**Recognised through acquisition**
Tangible fixed assets	-
Stocks	1,329
Trade and other debtors	1,500
Cash	995
Trade and other creditors	(2,489)
Provisions	(120)
Customer List	2,371
Deferred tax liability related to intangible asset	(403)
Net identifiable assets and liabilities	3,183
Total cost of business combination:	
Consideration paid:	
Initial cash price paid	11,280
Total consideration	11,280
Goodwill on acquisition	8,097

Notes (continued)

2 Acquisitions of businesses (continued)

The Cost of the Company's investment in acquired businesses reflected the underlying fair value of its net assets and goodwill at the time of acquisition. As a result of net asset transfers, the value of the Company's investments in acquired businesses fell below the amount at which it was stated in the Company's accounting records. Schedule 1 to the Companies Act 2006 The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) requires that the investment be written down accordingly and that the amount be charged as a loss in the company's profit and loss account. However, the directors consider that, as there has been no overall loss to the Company, it would fail to give a true and fair view to charge that diminution to the Company's profit and loss account for the year and it should instead be re-allocated to goodwill and the identifiable net assets transferred (including separately identifiable intangible asset), so as to recognise in the company's individual balance sheet the effective cost to the company of those net assets, goodwill and a separately identifiable intangible assets.

Fair value adjustments

All tangible fixed assets are written down to £nil on acquisition as the directors reasonably estimate that they will need to be replaced shortly after acquisition.

3 Turnover

The turnover and profit before taxation are attributable to the one principal activity of the company with turnover being predominantly in the UK with overseas sales being immaterial.

	9 months 31 December 2017 £000	12 months 31 March 2017 £000
Sale of goods and services	269,872	329,322

4 Other operating income

	9 months 31 December 2017 £000	12 months 31 March 2017 £000
Utility costs recharged to tenants	144	133
Net gain on disposal of tangible fixed assets	141	127
Foreign exchange (gains)/losses	51	-
	336	260

Notes (continued)

5 Expenses and auditor's remuneration

	9 months 31 December 2017 £000	12 months 31 March 2017 £000
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation and other amounts written off tangible fixed assets:		
▪ Owned	4,299	4,323
▪ Leased	-	1,053
Amortisation of intangible assets and goodwill	825	2,668
One-off costs associated with Company sale	-	1,282
One-off costs associated with closure of bonded warehousing	1,994	-
Waiver of intercompany loans	67	110
Hire of other assets - operating leases	6,236	7,666

Auditor's remuneration:

	9 months 31 December 2017 £000	12 months 31 March 2017 £000
Company		
▪ audit	181	113
▪ fees receivable by the auditors and their associates in respect of tax services	-	70
▪ other services	-	19

6 Staff numbers and costs

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

	Number of employees	
	31 December 2017	31 March 2017
Selling & Distribution	1,585	1,469
Administration	177	61
	1,762	1,530

Notes (continued)

6 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	9 months 31 December 2017 £000	12 months 31 March 2017 £000
Wages and salaries	36,389	43,261
Social security costs	3,672	3,942
Contributions to defined contribution plans	344	487
	40,405	47,690

7 Directors' remuneration

	December 2017 £000	March 2017 £000
Directors' remuneration	3,118	5,103
Company contributions to money purchase pension plans	78	78

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £165,375 (March 2017: £1,113,783), and company pension contributions of £13,230 (March 2017: £17,640) were made to a money purchase scheme on his behalf.

Included in the March 2017 directors' remuneration figure above of £5,102,596 is £4,054,642 relating to bonus payments that were paid directly by Graphite and have therefore not been charged through the income statement.

	Number of directors December 2017	March 2017
Retirement benefits are accruing to the following number of directors under:		
▪ Money purchase schemes	6	6

8 Other interest receivable and similar income

	9 months 31 December 2017 £000	12 months 31 March 2017 £000
Interest received	1	8
Dividends received from subsidiary undertakings	2,914	2,504
Total other interest receivable and similar income	2,915	2,512

Interest receivable and similar income includes income from group undertakings of £nil (March 2017: £nil).

Notes (continued)

9 Interest payable and similar expenses

	9 months 31 December 2017 £000	12 months 31 March 2017 £000
On bank loans and overdrafts	57	1,121
On all other loans	-	955
Write-off of capitalised loan agreement costs amortised into profit or loss	6	2,913
Impairment of investments in subsidiary undertakings	2,914	2,394
Finance charges payable in respect of finance leases and hire purchase contracts	117	267
Total other interest payable and similar expenses	3,094	7,650

Interest payable and similar expenses includes interest payable and similar on bank loans and overdrafts of £57,728 (March 2017: £1,102,968) and on all other loans of £nil (March 2017: £954,017). Of the above amount £nil (March 2017: £nil) was payable to group undertakings.

10 Taxation

Recognised in the profit and loss account

	9 months 31 December 2017 £000	12 months 31 March 2017 £000
UK corporations tax		
Current tax on income for the year	751	1,844
Adjustments in respect of prior years	19	(483)
Total current tax	770	1,361
Deferred tax		
Current year	(305)	(348)
Adjustments in respects of previous periods	(84)	174
Effect of changes in tax rates	32	72
Total deferred tax	(357)	(102)
Tax per income statement	413	1,260

Notes (continued)

10 Taxation (continued)

Reconciliation of effective tax rate

	9 months December 2017 £000	12 months March 2017 £000
Profit for the period	2,574	6,751
Tax on profit at standard UK tax rate	489	1,350
Effects of:		
Adjustments in respect of prior years	(65)	(309)
Expenses not deductible	33	50
Income not taxable	(8)	-
Tax rate changes	32	72
Effects of group relief/other reliefs	(72)	(148)
Exempt amounts	4	210
Non-qualifying assets	-	35
Tax charge for the period	413	1,260

11 Intangible assets and goodwill

	£000 Goodwill	£000 Customer List	£000 Total
Cost			
Balance at 31st March 2017	62,416	6,768	69,184
Acquisitions	3,224	2,554	5,778
Deferred tax recognised on customer list	434	-	434
Balance at 31st December 2017	66,074	9,322	75,396
Amortisation and impairment			
Balance at 31st March 2017 (restated)	34,905	4,187	39,092
Amortisation for the year		636	636
Release of deferred tax on customer list	189		189
Balance at 31st December 2017	35,094	4,823	39,917
Net book value			
At 31st March 2017 (restated)	27,511	2,581	30,092
At 31st December 2017	30,980	4,499	35,479

Notes (continued)

11 Intangible assets and goodwill (continued)

Amortisation and impairment charge

The amortisation and impairment charge is recognised in the following line items in the profit and loss account:

	9 months 31 December 2017 £000	12 months 31 March 2017 £000
Distribution Expenses	825	2,668
	825	2,668

Change in estimate

During the period the customer list useful life was revised from 2 to 5 years to more accurately reflect the customer retention pattern and payback period of acquisitions. The amortisation for the period would have been £2,623,070 if the useful life had remained unchanged. Amortisation for the period after applying the revised useful life amounts to £635,724. The impact of this change in estimate has therefore resulted in a £1,987,346 reduction to the amortisation charge for the period.

Impairment testing

Goodwill and indefinite life intangible assets considered significant in comparison to the Company's total carrying amount of such assets have been allocated to cash generating units or groups of cash generating units. Depots are grouped into cash generating units based on the acquisition or project to which they relate, as a result cash generating units may consist of multiple sites.

The recoverable amount of each cash generating unit has been calculated with reference to its value in use.

The key assumptions of this calculation are shown below:

Period on which management approved forecasts are based	Indefinite
Growth rate applied beyond approved forecast period	Nil
Discount rate	13.2%

Management have prudently considered their impairment review by applying no future growth to EBITDA, forecast indefinitely and discounted at group WACC of 13.2%. The results of which did not highlight any indicators of impairment. Results of sensitivity testing by adjusting the discount rate by 1% does not have a material impact on the impairment test.

Notes (continued)

12 Tangible fixed assets

	Leasehold property	Plant and machinery	Fixtures and fittings	Motor vehicles	Under construction	Total
	£000	£000	£000	£000	£000	£000
Cost						
Balance at 31st March 2017	10,184	5,469	4,857	16,589	131	37,230
Additions	1,774	933	670	3,147	644	7,168
Disposals	-	-	-	(1,577)	-	(1,577)
Write offs	(1,013)	(1,597)	(1,671)	(7,507)	-	(11,788)
Balance at 31st December 2017	10,945	4,805	3,856	10,652	775	31,033
Depreciation and impairment						
Balance at 31st March 2017	4,329	3,062	3,055	11,963	-	22,409
Depreciation charge for the year	1,150	697	556	1,896	-	4,299
Disposals	-	-	-	(1,502)	-	(1,502)
Write offs	(1,013)	(1,597)	(1,671)	(7,508)		(11,789)
Balance at 31st December 2017	4,466	2,161	1,940	4,849	-	13,416
Net book value						
At 31st March 2017	5,855	2,407	1,802	4,626	131	14,821
At 31st December 2017	6,479	2,644	1,916	5,803	775	17,617

Leased plant and equipment, fixtures and fittings and motor vehicles

At 31st December 2017, the net carrying amount of motor vehicles leased under a finance lease was £nil (March 2017: £902,144). Depreciation for the year on these assets was £nil (March 2017: £467,695)

At 31st December 2017, the net carrying amount of plant and equipment leased under a finance lease was £nil (March 2017: £1,804,949). Depreciation for the year on these assets was £nil (March 2017: £541,541)

At 31st December 2017, the net carrying amount of fixtures and fittings leased under a finance lease was £nil (March 2017: £75,294). Depreciation for the year on these assets was £nil (March 2017: £43,923)

Tangible fixed assets under construction
The expenditure on assets in the course of construction totalled £775,178 as at 31st December 2017 (March 2017: £130,997)

Tangible fixed assets additions
During the period no of additions were funded directly by finance leasing companies.

Tangible fixed assets write offs
During the period, a fixed asset review was undertaken whereby a number of fully depreciated assets were written off the fixed asset register.

Notes (continued)

13 Fixed asset Investments

	£000
Cost	
Balance at 31st March 2017	5,341
Additions (refer to note 2)	8,513
Balance at 31st December 2017	**13,854**
Impairment losses	
Balance at 31st March 2017	2,394
Impairment during the period	8,633
Balance at 31st December 2017	**11,027**
Net book value	
At 31st March 2017	2,947
At 31st December 2017	**2,827**

The value of investments in non-trading subsidiaries at 31st December 2017 reflects the residual value of the net assets of those entities at that date, the remaining element of fixed asset investments as at 31st December 2017 relates to the Company's investment of 100% of the share capital of Fleet Tyre Network Ltd. The Company acquired the remaining 50% of Fleet Tyre Network for £2,798,030 on 10th February 2017.

Other than Fleet Tyre Network Limited all the companies below are non-trading companies and all their assets and liabilities have been transferred to Micheldever Tyre Services Limited.

Notes (continued)

13 Fixed asset investments (continued)

The undertakings in which the Company's interest at the year-end is more than 20% are as follows:

	Country of incorporation	Registered number	Principal activity	Class and percentage of shares held
Martin Brian Ltd*	England & Wales	3473541	Non-trading	100% Ordinary
Fleet Tyre Network Ltd	England & Wales	7888473	Provision of tyre & automotive services	100% Ordinary (2016: 50%)
Southam Tyres Ltd	England & Wales	4305554	Non-trading	100% Ordinary
Treadfast Cradley Ltd*	England & Wales	7289676	Non-trading	100% Ordinary
Treadfast Tyres Ltd*	England & Wales	774524	Non-trading	100% Ordinary
Walkers Tyre Services Ltd	England & Wales	692024	Non-trading	100% Ordinary
The Maxtread Group*	England & Wales	5735191	Non-trading	100% Ordinary
Tyre Exchange Supersites Ltd*	England & Wales	8337370	Non-trading	100% Ordinary
Maxtread Tyres 2 Trade Ltd*	England & Wales	8337408	Non-trading	100% Ordinary
Autofit (Ipswich) Ltd*	England & Wales	3138730	Non-trading	100% Ordinary
Tires 4 Less Ltd	England & Wales	3001040	Non-trading	100% Ordinary
Alba Tyres Ltd	England & Wales	1885402	Non-trading	100% Ordinary
Harolds Tyres Ltd	England & Wales	4390410	Non-trading	100% Ordinary
Welwyn Tyre & MOT Centre Ltd	England & Wales	7105797	Non-trading	100% Ordinary
TW Tyres Autocentre Ltd	England & Wales	7835449	Non-trading	100% Ordinary
Hawleys Tyre Services Ltd	England & Wales	690399	Non-trading	100% Ordinary
Bell Silencer Services Ltd	England & Wales	1306667	Non-trading	100% Ordinary
The 10th March Group*	England & Wales	4715834	Non-trading	100% Ordinary
P&R Autocentres	England & Wales	3525491	Non-trading	100% Ordinary
Denton Tyre Centre Ltd	England & Wales	3571013	Non-trading	100% Ordinary
Treadmark Tyres Ltd	England & Wales	6676117	Non-trading	100% Ordinary
Largedouble Ltd*	England & Wales	2009038	Non-trading	100% Ordinary
Coombe Garage Tyres Limited	England & Wales	06789500	Non-trading	100% Ordinary
Autokwik Limited	England & Wales	04555720	Non-trading	100% Ordinary
Elmbridge Tyre Services Ltd	England & Wales	00740187	Non-trading	100% Ordinary
MK Tyres Ltd	England & Wales	05196341	Non-trading	100% Ordinary
Phoenix (Cumbria) Limited	England & Wales	04159642	Non-trading	100% Ordinary
Phoenix 2 (Cumbria) Limited	England & Wales	10265159	Non-trading	100% Ordinary

All of the above companies have a registered address of Micheldever Station, Winchester, Hampshire, SO21 3AP. Undertakings listed above that have since been deregistered are indicated with a (*) after the company name.

14 Stocks

	31 December 2017 £000	31 March 2017 £000
Finished goods	50,056	48,536
Allowance for stock obsolescence	(120)	(110)
	49,936	48,426

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £196,011,953 (March 2017: £254,422,423).

Notes (continued)

15 Debtors

	31 December 2017 £000	Restated 31 March 2017 £000
Trade debtors	42,470	42,573
Allowance for doubtful debts	(57)	(45)
Other debtors	116	122
Deferred tax assets (see note 21)	346	423
Prepayments	4,346	3,125
Amounts due from parent undertaking	-	-
Amounts due from other group companies	1,319	1,451
	48,540	47,649
Due within one year	48,540	47,649

The provision for bad and doubtful debts is based on specific risk assessment and reference to past default experience.

Credit risk is managed separately for each customer and, where appropriate, a credit limit is set for the customer based on previous experience of the customer and third-party credit ratings. The Company has no significant concentration of credit risk, with exposure spread over a large number of customers. To manage credit risk further the Company operates a trade insurance policy.

16 Cash and cash equivalents/ bank overdrafts

	31 December 2017 £000	31 March 2017 £000
Cash at bank and in hand	18,741	18,422

17 Creditors: amounts falling due within one year

	31 December 2017 £000	31 March 2017 £000
Bank loans and overdrafts (see note 19)	-	4
Amounts due to parent undertaking	26,634	25,019
Amounts due to subsidiary undertakings	29	149
Obligations under finance leases (see note 19)	-	1,134
Corporation tax	421	1,543
Trade creditors	86,784	77,853
Taxation and social security	5,191	6,850
Accruals	5,162	1,948
	124,221	114,500

Amounts due to parent and subsidiary undertakings are repayable on demand and there is no interest charged on this balance.

Accruals includes £1,792,689 (March 2017: £nil) that is due for payment in 2019 when certain conditions are met.

Notes (continued)

18 Creditors: amounts falling after more than one year

	31 December 2017 £000	31 March 2017 £000
Obligations under finance leases	-	960
	-	960

19 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	31 December 2017 £000	31 March 2017 £000
Creditors falling due more than one year		
Finance lease liabilities	-	960
	-	960
Creditors falling due within less than one year		
Bank loans and overdrafts	-	4
Finance lease liabilities	-	1,134
	-	1,138

Following the sale of the Company to Sumitomo Rubber Industries Limited the existing shareholder and bank loans were repaid in full.

For working capital, the Company has access to a bank overdraft and cash resources. The overdraft is repayable on demand.

20 Other interest-bearing loans and borrowings

Finance lease liabilities
Finance lease liabilities are payable as follows:

	Minimum lease payments	
	31 December 2017 £000	31 March 2017 £000
Less than one year	-	1,134
Between one and five years	-	960
	-	2,094

The minimum lease payments represent only the capital value outstanding under finance lease obligations. These obligations were fully repaid shortly after the year end, and therefore all interest that would have accrued between 31 March 2017 and the scheduled repayment date would not be paid.

Notes (continued)

21 Deferred tax (assets) and liabilities

Deferred tax assets and liabilities are attributable to the following:

	December 2017			March 2017		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Fixed assets	(891)	-	(891)	(664)	-	(664)
Business combinations	-	678	678	-	481	481
Loan relationships	(133)	-	(133)	(240)	-	(240)
Net tax (assets) / liabilities	(1,024)	678	(346)	(904)	481	(423)

Movement in deferred tax during the year:

	March 2017	In respect of prior periods	Additions	I/S Movement	December 2017
Fixed assets	(664)	(32)		(195)	(891)
Business combinations	481	(145)	434	(92)	678
Loan relationships	(240)	93		14	(133)
Total	(423)	(84)	434	(273)	(346)

22 Provisions

	Dilapidation Provision £000
Balance at 31 March 2017	(333)
Provisions used during the year	115
Balance at 31 December 2017	(218)

The directors have taken professional advice in order to set the required level of provision required for the leasehold properties within the Company. We expect these dilapidations to be realised between 5 and 20 years.
The Company had no provisions for liabilities and charges (March 2017: £nil)

23 Employee benefits

Defined contribution plans

The Company operates a defined contribution pension plan and makes contributions to the personal pension plans of some employees. The total expense relating to these plans in the year was £285,794 (March 2017: £408,597).

The Company also makes contributions to the defined contribution schemes operated on behalf of its directors. The total contributions charged in the year amounted to £58,230 (March 2017: £78,147).