

Micheldever Tyre Services Limited

Directors' report and financial
statements

Registered number 1817398

For the year ended 31 March 2015

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Strategic Report

The results for the year and financial position of the company are shown as annexed financial statements.

The market has encountered significant deflation during the year, both structurally in terms of raw material cost reductions and functionally in terms of currency fluctuations. As a result of the currency movements the impact of grey imports from Europe has been significant, and within the retail market the internet channel is also driving down prices to consumers. Whilst this has had an impact on turnover, we have worked hard to maintain our margins in all channels.

The Company expects market conditions to remain challenging during the coming year with consumer demand continuing to be subdued and the budget segment gaining share. With an easing in deflation and a significant number of retail acquisitions expected to be made during the period, we expect to be able to grow turnover with continued improvement in margin and strong cash generation.

Risks and uncertainties

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

The Group has mitigated its exposure to rising interest rate risk as it holds derivative instruments covering approximately 70% of its external funding.

The Group maintains usual commercial insurance policies for a business of this type.

Going concern

The financial statements have been prepared on the going concern basis, which assumes that we will continue trading. Based on the available facilities the Directors have reviewed financial projections and cash flow forecasts for the next year, along with covenant compliance under these facilities, 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

Key performance indicators for the Group are EBITDA and cashflow generated from operating activities. Those figures are as follows.

	2015	2014
	£000	£000
EBITDA (before one off items)	16,433	17,806
Cashflow from operating activities (before one off items)	17,121	6,516

With significant deflation in the market EBITDA has been impacted by stock devaluation this year, as we have taken the decision to revalue stock immediately in line with price reductions. The volatility in exchange rates has also had a significant impact on the trading result compared to prior year. Cashflow from operating activities is significantly higher this year due to timing differences in payments made to suppliers at the end of March 2014 compared to March 2015. Excluding these timing differences cashflow from operating activities in 2014 would have been £15,415,000.

D Wilkes
Director

Micheldever Station
Winchester
Hampshire
SO21 3AP

Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2015.

Principal activities

The principal activity of the Company in the year under review was that of tyres and automotive product distribution.

Proposed dividend

The directors did not pay a dividend in 2015 (2014: £ nil).

Future developments

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.

Policy and practice on payment of creditors

The Company agrees payment terms with individual suppliers on a case by case basis and once these terms have been agreed the Company abides by those terms. New suppliers are negotiated with to effect the best possible terms.

At the year end the ratio, expressed in days, of the amounts owed to trade creditors to total amounts invoiced to the Company by its suppliers during the year was 107 (2014: 90 as restated).

Directors and directors' interest

The directors who held office during the year were as follows;

Michael Boxford

Duncan Wilkes

Paul Fox (resigned 17th July 2015)

Alan Baldwin

Jonathan Cowles

Simon Hiorns

David Haddock

Angus Smith

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.

Directors' report *(continued)*

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 and charitable contributions

The Company made no political contributions during the year (2014: £nil). Donations to UK charities amounted to £5,200 (2014: £6,253).

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 in order 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



24/4/2015

D Wilkes
Director

Micheldever Station
Winchester
Hampshire
SO21 3AP

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 financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 Tyres Services Limited for the year ended 31 March 2015 set out on pages 7 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

W. Smith

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

26th September 2015

Profit and loss account
for the year ended 31 March 2015

	<i>Note</i>	2015 £000's	£000's	2014 £000's	£000's
Turnover					
Continuing operations	3,4	320,193	322,519	331,152	331,152
Acquisitions	4,21	2,326		-	
		<u>322,519</u>		<u>331,152</u>	
Cost of sales	4		(247,552)		(257,653)
Gross profit	4		74,967		73,499
Administrative expenses	4		(5,358)		(4,446)
Distribution costs	4		(62,817)		(59,815)
Other operating income	4		180		169
Operating profit before depreciation and amortisation		15,118		17,806	
Depreciation	5	(4,058)		(4,104)	
Amortisation	5	(4,088)		(4,295)	
Operating profit	4		6,972		9,407
Continuing operations		6,485		9,407	
Acquisitions		487		-	
		<u>6,972</u>		<u>9,407</u>	
Interest receivable and similar income	8		1		-
Interest payable and similar charges	9		(3,742)		(3,327)
Profit on ordinary activities before taxation			3,231		6,080
Tax on profit on ordinary activities	10		(1,345)		(1,584)
Profit for the financial year			1,886		4,496

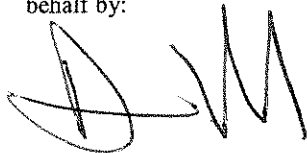
There is no difference between the profit on ordinary activities before taxation and the retained profits for the financial years stated above, and their historic cost equivalent.

The notes on pages 10 to 24 form part of these financial statements.

Balance sheet
at 31 March 2015

	Note	2015	2014 (As restated – see note 2)
		£000's	£000's
Fixed assets			
Intangible assets	11	16,934	18,390
Tangible assets	12	10,561	8,718
		<u>27,495</u>	<u>27,108</u>
Current assets			
Stocks	13	36,066	35,071
Debtors	14	62,701	64,105
Cash at bank and in hand		10,731	4,965
		<u>109,498</u>	<u>104,141</u>
Creditors: amounts falling due within one year	15	<u>(93,838)</u>	<u>(90,057)</u>
Net current assets		<u>15,660</u>	<u>14,084</u>
Total assets less current liabilities		<u>43,155</u>	<u>41,192</u>
Creditors: amounts falling due after more than one year	16	<u>(1,798)</u>	<u>(1,401)</u>
Provisions for liabilities and charges	20	<u>(966)</u>	<u>(1,286)</u>
Net assets		<u>40,391</u>	<u>38,505</u>
Capital and reserves			
Called up share capital	22	50	50
Profit and loss account	23	40,341	38,455
Shareholders' funds - equity	23	<u>40,391</u>	<u>38,505</u>

These financial statements were approved by the board of directors on 24/03/2015 and were signed on its behalf by:



D Wilkes
Director

The notes on pages 10 to 24 form part of these financial statements.

Statement of Total Recognised Gains and Losses
for the year ended 31 March 2015

	2015	2014
	£000	£000
Total recognised gains relating to the financial year	1,886	4,496
Prior year adjustment (as explained in note 2)	(3,592)	<u> </u>
Total losses recognised since last annual report	(1,706)	<u> </u>

Notes

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

As the Company is a wholly owned subsidiary of Micheldever Group Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Micheldever Group Limited, within which this Company is included, can be obtained from the address given in note 28.

The Company is exempt by virtue of Section 400 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.

Under FRS1 (revised) the directors have taken advantage of the exemption to prepare a cash flow as the Company is a subsidiary of Micheldever Group Limited who is supplying a cash flow for statutory purposes.

Going Concern

The financial statements have been prepared on the going concern basis. Based on the available facilities the Directors have reviewed financial projections and cash flow forecasts for the next year, along with covenant compliance under these facilities, and are satisfied that the Company 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.

Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts on the retail of tyres and related automotive services.

Goodwill and negative goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combination in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal instalments over its estimated useful life typically 5 to 10 years.

Share based payments

The Company has in place a Phantom Share Option scheme under which certain employees have been granted phantom options, each representing the equivalent cash value of 100 'B' Ordinary shares in the ultimate parent company Micheldever Group Limited at the time of exercise. These options, which for the purposes of FRS 20 are treated as cash-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant and re-measured at each subsequent period end. The fair value so determined has been expensed on a straight line basis over the vesting period, based on the Companies estimate of the number of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured using a Black-Scholes-Merton option pricing model. The key assumptions used in the model have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Notes (continued)

1. Accounting policies (continued)

Fixed assets and depreciation

Depreciation is provided to write off the costs less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold property	-	over period of lease
Plant and machinery	-	5 years
Fixtures and fittings	-	5 years
Motor vehicles	-	4 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. In determining the cost of goods purchased for resale, the weighted average purchase price adjusted for price reductions is used.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes *(continued)*

2. Prior year adjustment

	Prior year adjustment £000's	Profit and loss account £000's
At 1 April 2013 as previously stated		37,551
<i>Prior year adjustment</i>		
Provision for costs of goods received but not invoiced	(3,592)	
	<hr/>	(3,592)
At 1 April 2013 as restated		<hr/> 33,959
Profit for the financial year ended 31 March 2014 as previously stated		4,496
	<hr/>	<hr/>
At 1 April 2014 as restated		38,455
		<hr/> <hr/>

The following error has been identified in the 2015 financial year which had a significant effect on the 2014 brought forward retained earnings and has therefore been corrected by a prior year adjustment.

Provision for costs of goods received but not invoiced

During 2015, the directors discovered there was an error in the reconciliation of the provision for costs of goods received but not invoiced, and that the provision in the accounting records was lower than the actual liability. In previous periods, the underlying data extracted from the stock system to support the monthly and year end reconciliation control process had been adjusted such that the error was not apparent. Following a review covering the past five financial years it was concluded that the error originated in an accounting period prior to 31 March 2010 and has been carried forward at the same level since then. The origination of the error could not be identified by the current senior management team who were not in office at that time. The effect of the error was to understate current liabilities for periods prior to 31st March 2010 by £3,592,000 with the result that trade creditors have been understated and net assets overstated by that amount at 31st March 2011, 2012, 2013, and 2014. The balance sheet of 31st March 2014 and 1 April 2014 has therefore been restated to increase trade creditors by £3,592,000 and reduce retained earnings by the same amount. There is no effect on the profit for the year ended 31st March 2014. The adjustment has a tax impact of £nil.

Notes (continued)

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 sales overseas being immaterial.

4. Analysis of operations

	2015			2014		
	Continuing £000's	Acquisitions £000's	Total £000's	Continuing £000's	Acquisitions £000's	Total £000's
Turnover	320,193	2,326	322,519	331,152	-	331,152
Cost of sales	(246,387)	(1,165)	(247,552)	(257,653)	-	(257,653)
Gross profit	73,806	1,161	74,967	73,499	-	73,499
Net operating expenses:						
Distribution costs	(62,160)	(657)	(62,817)	(59,815)	-	(59,815)
Administrative expenses	(5,341)	(17)	(5,358)	(4,446)	-	(4,446)
Other operating income	180	-	180	169	-	169
Operating profit	6,485	487	6,972	9,407	-	9,407

5. Notes to the profit and loss account

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

	2015 £000's	2014 £000's
Depreciation – owned assets	2,612	2,656
Depreciation – assets on hire purchase contracts	1,446	1,448
Amortisation of goodwill and impairment losses	4,088	4,295
Hire of plant and machinery – rentals payable under operating leases	10	10
Hire of other assets – operating leases	6,436	5,849
Profit on disposal of fixed assets	(79)	(73)
Auditor's remuneration: audit	98	95
tax advice	22	22

6. Remuneration of Directors

The directors emoluments are borne by Micheldever Group Limited but cover their services to the entire Micheldever group of companies.

Notes *(continued)*

7. Staff numbers and costs

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

	2015	2014
Selling and distribution	1,122	1,087
Administration	53	47
	<u>1,175</u>	<u>1,134</u>

The aggregate payroll costs of these persons were as follows:

	2015 £000's	2014 £000's
Wages and salaries	32,463	30,975
Social security costs	2,956	2,760
Other pension costs	314	274
	<u>35,733</u>	<u>34,009</u>

8. Interest receivable

	2015 £000's	2014 £000's
Bank interest received	1	-
	<u>1</u>	<u>-</u>

9. Interest payable and similar charges

	2015 £000's	2014 £000's
Bank loans and overdrafts	3,531	3,136
Finance charges payable in respect of hire purchase contracts	211	191
	<u>3,742</u>	<u>3,327</u>

Notes (continued)

10. Taxation

Analysis of charge in period

	2015	2014
	£000's	£000's
<i>UK corporation tax:</i>		
Current tax on income for the period	873	1,628
Total current tax	873	1,628
Deferred taxation – current year	513	(241)
– prior year	(41)	197
Tax on profit on ordinary activities	1,345	1,584

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2014: higher) than the standard rate of corporation tax in the UK 21%, (2014: 23%). The differences are explained below.

	2015	2014
	£000's	£000's
<i>Current tax reconciliation</i>		
Profit / (Loss) on ordinary activities before tax	3,231	6,080
Current tax at 21% (2014: 23%)	679	1,398
Effects of:		
Adjustments in respect of prior year	-	-
Fixed asset differences	733	-
Adjustment to brought forward values	(43)	-
Expenses not deductible for tax purposes	156	927
Depreciation in excess of capital allowances	109	241
Other short term timing differences	10	-
Group relief	(771)	(938)
	873	1,628

Factors that may affect future current and total tax charges

At the balance sheet date the corporate tax rate for 2015 enacted in the United Kingdom was 20% and the deferred tax asset reflects this rate.

Notes (continued)

11. Intangible fixed assets

	Goodwill
	£000's
<i>Cost</i>	
At beginning of year	44,601
Additions (see note 21)	2,632
	<hr/>
At end of year	47,233
	<hr/>
<i>Amortisation [and impairment]</i>	
At beginning of year	26,211
Charged in year	4,088
Impairment losses	-
	<hr/>
At end of year	30,299
	<hr/>
<i>Net book value</i>	
At 31 March 2015	16,934
	<hr/>
At 31 March 2014	18,390
	<hr/>

The company holds 100% of the ordinary share capital of Martin Bryan Ltd (incorporated in England and Wales)
The company holds 100% of the ordinary share capital of Southam Tyres Ltd (incorporated in England and Wales)
The company directly holds 50% of the ordinary share capital of Fleet Tyre Network Ltd and 25% indirectly through controlling interest in FTN settlement trust (incorporated in England and Wales).
The company holds 100% of the ordinary share capital of Treadfast Tyres Ltd (incorporated in England and Wales)

All the above companies are non trading companies and all their assets and liabilities have been transferred to Micheldever Tyre Services Limited.

Notes (continued)

12. Tangible fixed assets

	Leasehold Property £000's	Plant and Machinery £000's	Fixtures and Fittings £000's	Motor Vehicles £000's	Totals £000's
Cost					
At beginning of year	5,939	8,233	4,881	12,893	31,946
Additions	1,548	528	1,295	2,378	5,749
Assets under construction	-	178	-	-	178
Disposals	-	(18)	-	(1,130)	(1,148)
At end of year	7,487	8,921	6,176	14,141	36,725
Depreciation					
At beginning of year	3,234	6,683	3,575	9,736	23,228
Charge for year	933	600	604	1,921	4,058
On disposals	-	(8)	-	(1,114)	(1,122)
At end of year	4,167	7,275	4,179	10,543	26,164
Net book value					
At 31 March 2015	3,320	1,646	1,997	3,598	10,561
At 31 March 2014	2,705	1,550	1,306	3,157	8,718

Included in the total net book value of motor vehicles is £3,105,858 (2014:£2,687,098) in respect of assets held under finance leases (and similar hire purchase contracts). Depreciation for the year on these assets was £1,053,101 (2014: £1,111,397).

Included in the total net book value of plant and machinery is £1,178,488 (2014:£1,168,988) in respect of assets held under finance leases (and similar hire purchase contracts). Depreciation for the year on these assets was £322,453 (2014: £261,279).

Included in the total net book value of fixtures and fittings is £216,888 (2014:£196,066) in respect of assets held under finance leases (and similar hire purchase contracts). Depreciation for the year on these assets was £71,043 (2014: £75,568).

Notes (continued)

13. Stocks

	2015 £000's	2014 £000's
Goods for resale	36,066	35,071

14. Debtors

	2015 £000's	2014 £000's
Trade debtors	39,051	42,429
Other debtors	170	175
Amounts due from parent undertaking	18,438	15,842
Amounts due from other group companies	2,331	1,933
Prepayments	2,094	2,636
Deferred tax asset (see note 20)	617	1,090
	<u>62,701</u>	<u>64,105</u>

15. Creditors: amounts falling due within one year

	2015 £000's	As restated 2014 £000's
Bank loans and overdrafts (see note 17)	20,862	15,619
Obligations under hire purchase contracts (see note 18)	1,735	1,644
Trade creditors	66,700	63,067
Social security and other taxes	3,505	7,258
Corporation tax	127	1,105
Accruals	909	1,364
	<u>93,838</u>	<u>90,057</u>

16. Creditors: amounts falling due after more than one year

	2015 £000's	2014 £000's
Obligations under hire purchase contracts (see note 18)	1,798	1,401

Notes (continued)

17. Loans and overdrafts

An analysis of the maturity of loans and overdrafts is given below:

	2015 £000's	2014 £000's
Amounts falling due within one year or on demand:		
Bank overdrafts	951	9,596
Acquisition Facility	2,430	-
Invoice discounting	17,481	6,023
	<u>20,862</u>	<u>15,619</u>

18. Obligations under hire purchase contracts – other assets

	2015 £000's	2014 £000's
Gross obligations repayable:		
Within one year	1,890	1,770
Between one and five years	1,890	1,464
	<u>3,780</u>	<u>3,234</u>
Finance charges repayable:		
Within one year	155	126
Between one and five years	92	63
	<u>247</u>	<u>189</u>
Net obligations repayable:		
Within one year	1,735	1,644
Between one and five years	1,798	1,401
	<u>3,533</u>	<u>3,045</u>

Notes (continued)

19. Secured debts

The following secured debts are included within creditors:

	2015 £000's	2014 £000's
Bank overdrafts	951	9,596
Invoice discounting	17,481	6,023
Acquisition Facility	2,430	-
Hire purchase contracts	3,533	3,045
	<u>24,395</u>	<u>18,664</u>

The bank overdrafts are secured by a fixed and floating charge over all of the company's assets and is subject to an interest rate of 4.375% over LIBOR. The hire purchase and finance lease creditors are secured over the assets to which they relate. The invoice discounting is secured on the sales ledger and is subject to a rate of 3% over LIBOR and a non-utilisation charge of 1% above LIBOR.

20. Provisions for liabilities

	2015 £000's	2014 £000's
<u>Deferred tax</u>		
Balance at start of year	(1,090)	(1,045)
Deferred tax charge/(credit) in profit and loss account		
- current year	514	(241)
- prior year	(41)	26
- due to change in tax rate	-	170
	<u>(617)</u>	<u>(1,090)</u>
Balance as at end of year included in debtors	<u>(617)</u>	<u>(1,090)</u>

	2015 £000's	2014 £000's
The elements of deferred taxation are as follows;		
Difference between accumulated depreciation and amortisation and capital allowances	<u>(617)</u>	<u>(1,090)</u>

	2015 £000's	2014 £000's
<u>Dilapidations</u>		
Provision for dilapidations	<u>966</u>	<u>1,286</u>

The directors have taken external professional advice in order to set the required level of provision for the properties within the company. We expect these dilapidations to be realised between 5 and 20 years.

Notes (continued)

21. Acquisition

During the course of the year the company acquired the assets of Sittingbourne Tyres & Stafford Tyres and the business of Treadfast Tyres Limited for £2,506,245 (including professional fees). Under the acquisition method of accounting the resulting goodwill of £2,632,347 arising on all the acquisitions was capitalised and will be written off over 10 years, being the period over which the directors estimate the value of the businesses to exceed the value of the underlying assets.

The net assets of the businesses were taken into the books of Micheldever Tyre Services Limited at fair value at the dates of acquisition.

	Book value £000's	Fair value adjustment £000's	Fair value £000's
Fixed assets			
Tangible	-	-	-
Current assets			
Stocks	154	-	154
Debtors	88	-	88
Bank and cash	145	(1)	144
Total assets	<u>387</u>	<u>(1)</u>	<u>386</u>
Liabilities			
Creditors	(409)	(103)	(512)
Total liabilities	<u>(409)</u>	<u>(103)</u>	<u>(512)</u>
Net assets acquired	<u>(22)</u>	<u>(104)</u>	<u>(126)</u>
Goodwill			<u>2,632</u>
			<u>2,506</u>
Purchase consideration			
Cash consideration paid at balance sheet date			2,339
Professional fees			167
			<u>2,506</u>

The directors have aggregated the acquisitions made during the year as they consider none of the acquisitions to be individually material. In regard to these acquisitions the availability, quality and comparability of pre-acquisition financial information was limited.

See note 4 for details of the contribution to revenue and profits since the date the business was acquired.

Notes (continued)

22. Called up share capital

	2015	2014
	£000's	£000's
<i>Authorised</i>		
250,000 Ordinary shares of £1 each	250	250
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
50,000 Ordinary shares of £1 each	50	50
	<hr/>	<hr/>

23. Reconciliation of shareholders' funds and movements on reserves

	Share capital	Profit and loss	Total
	£000's	account	£000's
	£000's	£000's	£000's
At 1 April 2013 as previously stated	50	37,551	37,601
Prior year adjustment (note 2)	-	(3,592)	(3,592)
	<hr/>	<hr/>	<hr/>
At 1 April 2013 as restated	50	33,959	34,009
Profit for the financial year ended 31 March 2014	-	4,496	4,496
	<hr/>	<hr/>	<hr/>
At 1 April 2014 as restated (originally £42,097,000 before deducting prior year adjustment of £3,592,000)	50	38,455	38,505
Profit for the year	-	1,886	1,886
	<hr/>	<hr/>	<hr/>
At 31 March 2015	50	40,341	40,391
	<hr/>	<hr/>	<hr/>

The prior year adjustment is explained in note 2.

24. Contingent liabilities

The company had granted standby letters of credit to overseas suppliers at the balance sheet date amounting to £15,272,735 (2014: £14,777,988).

The company had a bank bond issued to HMRC to guarantee its import duty and VAT amounting to £450,000 (2014: £450,000).

There is a cross guarantee in place with the companies bankers under which the Micheldever Group Limited is liable for the liabilities of Micheldever Tyre Services Limited and Micheldever Tyre Services Limited is liable for the liabilities of Micheldever Group Limited.

Notes (continued)

25. Commitments

Annual commitments under non-cancellable operating leases are as follows;

	Land and buildings operating leases	
	2015 £000's	2014 £000's
Operating leases which expire:		
Within one year	3,065	1,695
Between two and five years	3,371	3,595
Over five years	-	559
	<u> </u>	<u> </u>

There were no capital commitments which remain unprovided for at the end of the financial year.

26. Pension schemes

The company operates a stakeholder pension scheme and makes contributions to the personal pension plans of some employees. The total contributions paid in the year amounted to £183,472 (2014: £149,323).

The company was also charged by Micheldever Group Limited with the cost of the contributions to the defined contribution schemes operated on behalf of its directors. The total contributions charged in the year amounted to £130,347 (2014: £124,301).

27. Share based payments

The company has one option scheme (the Phantom Share Option Plan) which was open in the year to employees of the Company at the discretion of the Board. Options are exercisable at a price which is determined at the discretion of the Board. All of the options currently in place have an exercise price of £nil.

In the Scheme the options vest on the first to occur of a listing, share sale, change of control, voluntary liquidation or otherwise at the discretion of the Board of Directors. Should the options remain unexercised they lapse after 10 years from the date of grant. The options also lapse following the employee leaving the Group and various other conditions set out in the scheme rules.

There were 800 share options outstanding at the year end. No share options were exercised during the year. The fair values were calculated using a Black Scholes Merton model. The inputs into the model were as follows:

	2015
Weighted average share price	£1,170
Weighted average exercise price	£nil
Expected volatility	41.0%
Risk free rate	0.5%
Expected dividend yield	Nil

Notes (continued)

27. Share based payments (continued)

Expected volatility was determined using as a base the share price movements recorded over the period of the options for comparable public company stocks, adjusted as appropriate to take into account differences in share price behaviour between Micheldever Group Limited and the comparator company.

The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Company recognised £nil in the profit and loss account for the year ended 31 March 2015 relating to cash-settled share-based payment transactions (2014: £nil) under the adoption of FRS 20 'Share-based payments'.

28. Ultimate controlling party

The accounts of the company are consolidated into those of the ultimate parent company, Micheldever Group Limited, a company incorporated in the UK. The latest published accounts may be obtained from Micheldever Group Limited, Micheldever Station, Winchester, Hants SO21 3AP.