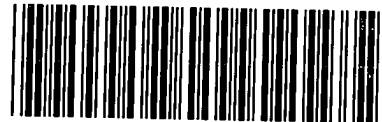


Axle Group Holdings Limited,

Annual report

**Registered number SC240346
for the year ended 31 December 2018**

TUESDAY



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Strategic report

The directors present their strategic report for the company for the year ended 31 December 2018.

Review of the Business

The Company is an investment holding company. Its subsidiaries are engaged in the supply and fitting of motor vehicle parts.

The group's profit for the financial year is £2,272,000 (2017: profit of £722,000).

The group's net asset position has reduced to £9,770,000 (2017: £10,498,000).

The directors will continue to implement their strategy to further improve trading performance for the foreseeable future.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks.

The key business risks affecting the Group are considered to relate to competition from both national and independent retailers, employee retention, and product availability.

Each of these risk areas along with other areas of the business are continually reviewed and monitored by senior management to minimise the risk impact to the company's performance and ongoing strategies.

Key performance indicators

The directors believe that analysis using key performance indicators for the Group is not necessary or appropriate for an understanding of the performance or position of the Group.

Financial risk management

The Group recognises its operations expose it to a variety of financial risks. The Group has in place policies to manage such risks which are periodically reviewed at Board level.

Credit risk

The Group has implemented policies that require credit checks on potential customers before sales are made. Where appropriate the Group has in place credit insurance.

Liquidity risk

The Group has implemented a policy to ensure the Group has sufficient funds to manage its working capital requirements through the utilisation of invoice discounting finance and short term borrowing.

Commodities price risk

The Group does not perceive a significant exposure to commodities price risk to its operations. The directors periodically review the appropriateness of this view.

Interest rate cash flow risk

The Group has a policy of maintaining any debt requirements at a combination of variable and fixed rates. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

On behalf of the Board

J Taylor
Director



26-32 Millbrae Road
Langside
Glasgow
G42 9TU

28 March 2019

Directors' report

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2018.

Results and future developments

The group's profit for the financial year is £2,272,000 (2017: profit of £722,000).

The group's net asset position has decreased to £9,770,000 (2017: £10,498,000).

Dividends of £3,000,000 were paid in the year (2017: £2,250,000).

The directors will continue to implement their strategy to further improve trading performance for the foreseeable future.

Directors

The directors who held office during the year and up to the date of signing the financial statements were as follows:

A Revie
J Taylor
J Caldwell
J Revie
JM Taylor

Employees

Disabled persons

It is the group's policy to give full consideration to applications for employment from disabled persons, bearing in mind their particular aptitudes and abilities. All disabled persons employed by the group have the opportunity for training, development and career progression.

Employee involvement

Communications with employees at the group's numerous and geographically diverse establishments about matters concerning, or of interest to them, are provided by a system of briefing meetings at branch, regional and group level. This is supported by employee manuals, notice boards and by company information circulars.

Within all establishments, induction arrangements provide employees with an initial understanding of the group's business as well as making them aware of matters that more directly concern their employment such as safety rules and terms and conditions at their work.

The consultative/negotiating method, provides several stages for discussions, allowing involvement with both local and full time officials of the recognised Trade Union.

On a group and regional basis, management, through regular business reviews and operating reports, inform, explain and discuss with employees the financial performance and where possible, the future plans of the sector of the group in which they work.

Charitable donations

The Group made charitable donations of £3,492 (2017: £11,466) during the year. The largest donation was £2,992 Cash For Kids.

Directors' report (continued)

Statement of directors' responsibilities in respect of the financial statements

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

Disclosure of information to the auditors

So far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware and each of the directors believes that all the steps that ought to have been taken in order to make them aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

A resolution for the re-appointment of PricewaterhouseCoopers LLP as independent auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

J Taylor
Director



26-32 Millbrae Road
Langside
Glasgow
G42 9TU

28 March 2019

Independent auditors' report to the members of Axle Group Holdings Limited

Report on audit of the financial statements

Opinion

In our opinion, Axle Group Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2018 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and company balance sheets as at 31 December 2018; the Consolidated statement of comprehensive income, the Consolidated statement of cash flows, and the Consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a

***Independent auditors' report to the members of Axle Group Holdings Limited
(continued)***

material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Independent auditors' report to the members of Axle Group Holdings Limited
(continued)**

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Kenneth Wilson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow 28 March 2019

Consolidated statement of comprehensive income
for the year ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover	4	171,160	162,343
Cost of sales		<u>(93,716)</u>	<u>(87,046)</u>
Gross profit		77,444	75,297
Distribution costs		(6,974)	(6,917)
Administrative expenses		<u>(67,869)</u>	<u>(67,315)</u>
Operating Profit	5	2,601	1,065
Interest receivable and similar income	8	15	2
Interest payable and similar expenses	9	<u>(344)</u>	<u>(345)</u>
Profit before taxation		2,272	722
Tax on profit	10	<u>-</u>	<u>-</u>
Profit for the financial year		<u>2,272</u>	<u>722</u>

All turnover and operating profit of the group is derived from continuing operations.

The company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account.

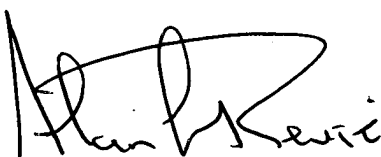
The profit for the Company for the year was £3,136,000 (2017: £491,000).

Consolidated balance sheet
as at 31 December 2018

	Note	2018		2017	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	11		495		658
Tangible assets	12		9,629		9,653
			10,124		10,311
Current assets					
Stocks	14	15,057		15,238	
Debtors	15	24,151		22,186	
Cash at bank and in hand		4,374		8,399	
		43,582		45,823	
Creditors: amounts falling due within one year	17	(43,936)		(45,636)	
Net current (liabilities)/assets			(354)		187
Total assets less current liabilities			9,770		10,498
Net assets			9,770		10,498
Capital and reserves					
Called up share capital	19		240		240
Capital redemption reserve			40		40
Retained earnings			9,490		10,218
Total shareholders' funds			9,770		10,498

The notes on pages 14 to 28 are an integral part of these financial statements.

These financial statements on pages 8 to 28 were approved by the Board of directors on 28 March 2019 and were signed on its behalf by:



Alan Revie
Director

Axle Group Holdings Limited
Registered no. SC240346

Company balance sheet
as at 31 December 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Investments	13		200		200
Current assets					
Debtors	15	8,342		4,444	
Cash at bank and in hand		<u>4,358</u>		<u>8,276</u>	
		12,700		12,720	
Creditors: amounts falling due within one year	17	<u>(12,474)</u>		<u>(12,630)</u>	
Net current assets			<u>226</u>		<u>90</u>
Total assets less current liabilities			<u>426</u>		<u>290</u>
Capital and reserves					
Called up share capital	19		240		240
Capital redemption reserve			40		40
Retained earnings			<u>146</u>		<u>10</u>
Total shareholders' funds			<u>426</u>		<u>290</u>

The notes on pages 14 to 28 are an integral part of these financial statements.

These financial statements on pages 8 to 28 were approved by the Board of directors on **28** March 2019 and were signed on its behalf by:



Alan Revie
Director

Axle Group Holdings Limited
Registered no. SC240346

Consolidated statement of changes in equity
for the year ended 31 December 2018

	Called up Share Capital £000	Capital Redemption Reserve £000	Retained Earnings £000	Total Shareholders' Funds £000
Balance as at 1 January 2017	240	40	11,746	12,026
Profit for the financial year and total comprehensive income	-	-	722	722
Dividends	-	-	(2,250)	(2,250)
Balance as at 31 December 2017	240	40	10,218	10,498
Profit for the financial year and total comprehensive income	-	-	2,272	2,272
Dividends	-	-	(3,000)	(3,000)
Balance as at 31 December 2018	240	40	9,490	9,770

Company statement of changes in equity
for the year ended 31 December 2018

	Called up Share Capital £000	Capital Redemption Reserve £000	Retained Earnings £000	Total Shareholders' Funds £000
Balance as at 1 January 2017	240	40	1,769	2,049
Profit for the financial year and total comprehensive expense	-	-	491	491
Dividends	-	-	(2,250)	(2,250)
Balance as at 31 December 2017	240	40	10	290
Profit for the financial year and total comprehensive income	-	-	3,136	3,136
Dividends	-	-	(3,000)	(3,000)
Balance as at 31 December 2018	240	40	146	426

Consolidated statement of cash flows
for the year ended 31 December 2018

	Note	2018 £000	2017 £000
Net cash inflow from operating activities	22	1,691	6,453
Taxation paid		-	-
Net cash generated from operating activities		<u>1,691</u>	<u>6,453</u>
Cash flow from investing activities			
Disposal of subsidiary		-	-
Purchase of intangible assets		(3)	(133)
Purchase of tangible assets		(1,677)	(1,613)
Proceeds from disposals of tangible assets		-	-
Interest receivable		15	2
Dividends paid		(3,000)	(2,250)
Net cash used in investing activities		<u>(4,665)</u>	<u>(3,994)</u>
Cash flow from financing activities			
Interest paid		(344)	(345)
Net cash used in financing activities		<u>(344)</u>	<u>(345)</u>

Reconciliation of net cash flow to movement in net (deficit)/funds

	2018 £000	2017 £000
Net increase/(decrease) in cash and cash equivalents	(3,318)	2,114
Cash and cash equivalents at the beginning of the year	(559)	(2,673)
Cash and cash equivalents as the end of the year	<u>(3,877)</u>	<u>(559)</u>

Notes to the financial statements
for the year ended 31 December 2018

1) General information

Axle Group Holdings Limited (the "Company") is a private company limited by shares and is incorporated in United Kingdom. The address of its registered office is 26-32 Millbrae Road, Langside, Glasgow, G42 9TU.

The principal activity of the Company is an investment holding company. Its subsidiaries are engaged in the supply and fitting of motor vehicle parts.

2) Statement of compliance

The individual financial statements of Axle Group Holdings Limited have been prepared in compliance with the United Kingdom Accounting Standards including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3) Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in 'Critical accounting judgements and key source of estimation uncertainty' section of this note.

b) Going concern

On the basis of their assessment of the Company's financial position and resources, the directors believe that the Company is well placed to manage its business risks. Therefore the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

c) Foreign currencies

(i) Functional and presentation currency

The Company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income.

Notes to the financial statements (continued)
for the year ended 31 December 2018

3) Summary of significant accounting policies (continued)

d) Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers. Turnover is recognised on despatch of goods or completion of services performed.

e) Exceptional items

The company classifies charges or credits that have a material impact on the company's financial results as exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

f) Employee benefits

The company provides a range of benefits to employees, including bonus arrangements, paid holiday arrangement and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contribution into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

g) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

h) 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 in respect of acquisitions is capitalised. Goodwill is amortised by equal annual instalments over its estimated useful life, which the directors have assessed to be 10 years.

Notes to the financial statements (continued)
for the year ended 31 December 2018

3) Summary of significant accounting policies (continued)

l) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued when the amount is recognised in the other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

m) Investments

Investment in a subsidiary company is held at historical cost less accumulated impairment losses.

The Company has taken advantage of the exemption under paragraph 35.10(f) FRS 102 in respect of measurement of investments in subsidiaries on the date of transition to FRS 102 (1 January 2014) and continues to measure investments at their existing carrying value (which can be determined to be deemed cost).

n) Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the period in which the related turnover is recognised. The stock is measured by using the most recent purchase price.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the statement of comprehensive income. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the statement of comprehensive income.

o) Cash and cash equivalents

Cash and cash equivalents for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdraft payable on demand.

Notes to the financial statements (continued)
for the year ended 31 December 2018

3) Summary of significant accounting policies (continued)

p) Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

q) Related party disclosures

The Company has taken advantage of the exemption, as provided by paragraph 33.1A of FRS 102 and does not disclose transactions with members of the same group that are wholly owned. The Company discloses transactions with related parties which are not wholly owned with the same group.

Notes to the financial statements (continued)
for the year ended 31 December 2018

3) Summary of significant accounting policies (continued)

r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

s) Distribution to equity holders

Dividends and other distributions to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

t) Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Useful economic lives of tangible/intangible assets

The annual depreciation/amortisation charge for tangible/intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 and 12 for the carrying amount of the intangible and tangible fixed assets, and note 3(i) and 3(j) for the useful economic lives for each class of assets.

(ii) Inventory provisioning

The company sells tyres and other auto products and is subject to changing consumer demands and trends. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 14 for the net carrying amount of the inventory and associated provision.

(iii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 15 for the net carrying amount of the debtors and associated impairment provision.

(iv) Intangible assets reclassification

FRS 102 requires judgement to be exercised when determining whether software costs should be recognised as tangible or intangible assets. Where software is regarded as an integral part of the related hardware and the hardware cannot operate without the particular piece of software, it is to be treated as a tangible asset. However, where the software is not an integral part of the related hardware, software it is to be treated as an intangible asset. Management have decided that the software costs are not an integral part of the related hardware and so have classified these costs as an intangible asset.

Notes to the financial statements *(continued)*
for the year ended 31 December 2018

4) Turnover

Turnover in both the current year and prior year is generated from the principal activity of the group, which is carried out wholly within the United Kingdom.

	2018 £000	2017 £000
Sale of goods	171,160	162,343

5) Operating profit

	2018 £000	2017 £000
<i>Operating profit is stated after charging/(crediting);</i>		
Auditors' remuneration:		
Group - audit	108	124
- other taxation services	25	20
Depreciation of tangible assets	1,701	2,548
Amortisation of intangible assets	166	161
Operating lease rentals – other	6,378	8,098
Operating lease rentals – plant and equipment	1,494	1,444

6) Remuneration of directors

	2018 £000	2017 £000
Directors' emoluments	-	38

No emoluments were paid to the directors in respect of their services to the Company in the year ended 31 December 2018 (2017: £38,000).

Dividends have been paid to the directors in proportion to their respective shareholding.

	Number of directors 2018	2017
Retirement benefits are accruing to the following number of directors under:		
Defined contribution scheme	5	6

Notes to the financial statements *(continued)*
for the year ended 31 December 2018

7) Staff numbers and costs

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

	Number of employees	
	2018	2017
Sales and distribution	1,229	1,246
Administration	222	221
	<u>1,451</u>	<u>1,467</u>

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	34,615	33,067
Social security costs	2,953	2,828
Other pension costs	778	558
	<u>38,346</u>	<u>36,453</u>

8) Interest receivable and similar income

	2018 £000	2017 £000
On amounts receivable from bank	<u>15</u>	<u>2</u>

9) Interest payable and similar expenses

	2018 £000	2017 £000
On bank loans and overdrafts	<u>344</u>	<u>345</u>

Notes to the financial statements (continued)
for the year ended 31 December 2018

10) Tax on profit

	2018 £000	2017 £000
Current tax		
UK corporation tax on profit for the year	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(55)	(426)
Effect of changes in tax rates	<u>55</u>	<u>426</u>
Total deferred tax	<u>-</u>	<u>-</u>
Total tax per the statement of comprehensive income	<u><u>-</u></u>	<u><u>-</u></u>

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows :

	2018 £000	2017 £000
Profit before taxation	2,272	722
Tax on profit at standard UK tax rate of 19.00% (2017: 19.25%)	432	139
<i>Effects of:</i>		
Expenses not deductible	93	200
Income not taxable	-	-
Losses	184	-
Tax rate changes	-	(29)
Movements in deferred tax not provided on short term timing	(26)	416
Movements in deferred tax not provided on fixed assets	22	212
Movements in deferred tax not provided	(731)	(938)
Effects of overseas tax rates	<u>26</u>	<u>-</u>
Tax charge for the year	<u><u>-</u></u>	<u><u>-</u></u>

	2018 £000	2017 £000
Deferred tax		
Asset at start of the year	3,573	3,573
Deferred tax charge to income statement for the year	-	-
Asset at end of the year	<u><u>3,573</u></u>	<u><u>3,573</u></u>

Notes to the financial statements (continued)
for the year ended 31 December 2018

10) Tax on profit (continued)

The main rate of corporation tax was aligned with the small profits rate at 20% with effect from 1 April 2015. Changes to the UK corporation tax rates were enacted as part of the Finance (No.2) Act 2015 which received Royal Assent on 18 November 2015 and Finance Act 2016 which received Royal Assent on 15 September 2016. These include reductions to reduce the main rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

11) Intangible assets

Group	Computer software £000	Goodwill £000	Total £000
Cost			
At 1 January 2018	1,839	1,129	2,968
Additions	3	-	3
Disposals	(1,705)	-	(1,705)
31 December 2018	137	1,129	1,266
Accumulated amortisation			
At 1 January 2018	1,687	623	2,310
Charge for the year	62	104	166
Disposals	(1,705)	-	(1,705)
At 31 December 2018	44	727	771
Net book value			
At 31 December 2018	93	402	495
At 31 December 2017	152	506	658

The amortisation expenses are included within the administrative expenses line in the statement of comprehensive income.

Notes to the financial statements *(continued)*
for the year ended 31 December 2018

12) Tangible assets

Group	Freehold Land	Land and buildings long leasehold	Land and Buildings Short Leasehold	Plant and equipment	Total
	£000	£000	£000	£000	£000
Cost or valuation					
As at 1 January 2018	4,878	1,363	12,151	23,888	42,280
Additions	-	108	101	1,468	1,677
Disposals	(2,968)	(723)	(6,990)	(15,480)	(26,161)
At 31 December 2018	1,910	748	5,262	9,876	17,796
Accumulated depreciation					
As at 1 January 2018	3,025	1,350	8,099	20,153	32,627
Charge for the year	182	5	902	612	1,701
Disposals	(2,968)	(723)	(6,990)	(15,480)	(26,161)
At 31 December 2018	239	632	2,011	5,285	8,167
Net book value					
At 31 December 2018	1,671	116	3,251	4,591	9,629
At 31 December 2017	1,853	13	4,052	3,735	9,653

13) Investments

	Shares in Group undertaking £000
Company	
At 31 December 2017 and 31 December 2018	200

Notes to the financial statements (continued)
for the year ended 31 December 2018

13) Investments (continued)

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

Subsidiary undertaking	Country of incorporation	Principal activity	Class and percentage of shares held
Axle Group Limited	England	Investment holding	100% ordinary
National Tyre Service Limited*	England	Retail sales of motor vehicle parts	100% ordinary
W Briggs and Company Limited*	England	Dormant	100% ordinary
Address of registered office for each of the above: Regent House, Heaton Lane, Stockport, Cheshire. SK4 1BS			
Viking International Limited	Scotland	Dormant	100% ordinary
Birkenshaw Distributors Limited*	Scotland	Wholesaler motor vehicle parts	100% ordinary
Acorn (Paisley) Limited*	Scotland	Dormant	100% ordinary
Stepgrades Motor Accessories Limited*	Scotland	Wholesaler of motor vehicle parts	100% ordinary
Birkenshaw Tyre Company Limited*	Scotland	Dormant	100% ordinary
Constant Price Monitor Limited*	Scotland	Online retail tyre sales	100% ordinary
Address of registered office for each of the above: 26-32 Millbrae Road, Langside, Glasgow. G42 9TU			
Channel Islands Tyre Company Limited*	Jersey	Tyre retail	100% ordinary
Address of registered office: 31 Commercial Buildings St Helier Jersey. JE1 1BU			

*held by subsidiary undertakings

The directors believe that the carrying value of the investments is supported by their underlying net assets.

14) Stocks

	Group 2018 £000	Group 2017 £000
Finished goods	<u>15,057</u>	<u>15,238</u>

Deducted from stock during the year is an amount for Consignment stock for Cooper Tires totalling £1,077,000 (2017: £1,124,000). The stock ledger balance is maintained by Cooper Tires and the title will not pass to the Group until a sale agreement has been made. Cooper Tires reserve the right to obtain the stock at any time and the Group will remain liable for any damage/loss of stock during the period of the contract.

Deducted from stock during the year is an amount for Consignment stock for Bridgestone Tyres totalling £1,347,000 (2017: £1,635,000). This stock ledger balance is maintained by Bridgestone and the title will not pass to the Group until a sale agreement has been made. Bridgestone Tyres reserve the right to obtain the stock at any time and the Group will remain liable for any damage/loss of stock during the period of the contract.

There is no significant difference between the replacement cost of the inventory and its carrying amount.

Notes to the financial statements (continued)
for the year ended 31 December 2018

15) Debtors

	Group 2018 £000	Company 2018 £000	Group 2017 £000	Company 2017 £000
Trade debtors	10,207	-	9,316	-
Other debtors	5,303	-	4,770	-
Amounts owed by group undertakings	-	8,342	-	4,444
Deferred tax asset (note 16)	3,573	-	3,573	-
Prepayments and accrued income	5,068	-	4,527	-
	<u>24,151</u>	<u>8,342</u>	<u>22,186</u>	<u>4,444</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

16) Deferred tax

	2018 £000	2017 £000
Provision at start of year	3,573	3,573
Deferred tax credit to income statement for the year	-	-
Provision at end of year	<u>3,573</u>	<u>3,573</u>

The group has a potential deferred tax asset which is not reflected in these financial statements of £11,300,000 (2017: £11,759,000). The recognised deferred tax asset consists only of losses.

17) Creditors: amounts falling due within one year

	Group 2018 £000	Company 2018 £000	Group 2017 £000	Company 2017 £000
Bank loans and overdrafts	8,251	-	8,958	-
Trade creditors	25,260	-	24,441	-
Amounts owed to group undertakings	-	12,333	-	11,576
Taxation and social security	2,493	-	2,615	-
Other creditors	-	-	-	-
Accruals and deferred income	7,932	141	9,622	1,054
	<u>43,936</u>	<u>12,474</u>	<u>45,636</u>	<u>12,630</u>

Included within the bank loans and overdraft is invoice discounting facilities of £6,551,000 (2017: £6,023,000) which are secured against trade receivables.

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the financial statements *(continued)*
for the year ended 31 December 2018

18) Financial instruments

	2018 £000	2017 £000
The Group has the following financial instruments:		
Financial assets that are debt instruments measured at amortised cost:		
Trade debtors	10,207	9,316
Other debtors	5,303	4,770
Cash at bank and in hand	4,374	8,399
	<u>19,884</u>	<u>22,485</u>
Financial liabilities measured at amortised cost:		
Bank overdrafts and other borrowings	8,251	8,958
Trade creditors	25,260	24,441
	<u>33,511</u>	<u>33,399</u>

19) Called up Share capital

	2018 £000	2017 £000
Group and Company		
Allotted, called up and fully paid		
A Shares 160,080 (2017: 160,080) ordinary shares of £1 each	160	160
B Shares 80,039 (2017: 80,039) ordinary shares of £1 each	80	80
	<u>240</u>	<u>240</u>

20) Financial Commitments

At 31 December the Group had future minimum lease payments under non-cancellable operating leases expiring as follows:

	2018 £000	2017 £000
Not later than one year	6,872	6,385
Later than one year and not later than five	23,068	24,470
Later than five years	58,677	68,343
	<u>88,617</u>	<u>99,198</u>

21) Pension scheme

The group operated a defined benefit scheme until April 2003, when the scheme went into wind up. All monies have been transferred from the fund with exception of a small amount to cover expenses. It has been confirmed by the actuaries that there is no liability on behalf of the employer and as a result no "Retirement benefits" disclosures have been made.

The pension cost in respect of the defined contribution scheme is £778,000 (2017: £558,000). Included in creditors is £125,000 (2017: £88,850) in respect of this cost.

Notes to the financial statements (continued)
for the year ended 31 December 2018

22) Reconciliation of operating profit to net cash inflow from operating activities

	2018 £000	2017 £000
Profit for the financial year	2,272	722
Tax on profit on ordinary activities	-	-
Net interest payable	329	343
Operating profit	2,601	1,065
Depreciation	1,701	2,548
Amortisation	166	161
Asset value written down	-	-
Release provision for liabilities	-	(263)
Decrease/(increase) in stocks	181	689
Decrease/(Increase) in debtors	(1,965)	957
Increase in creditors	(993)	1,296
Net cash inflow from operating activities	1,691	6,453

23) Related party transactions

The group has taken advantage of the exemption, as provided by paragraph 33.1A of FRS102 and does not disclose transactions with members of the same group that are wholly owned.

During the year the group purchased stock totalling £12,000 (2017: £69,000) and sold stock of £331,000 (2017: £361,000) from/to Delticom AG, a company in which Alan L Revie, a director, has minority interest. At the year end there was a net debtor position of £22,000 (2017: £5,000).

The group has a relationship with Emerge Adapt Limited, which Mr A Revie, a director, has a minority interest. During the year, services provided by Emerge Adapt Limited totalled £160,000 (2017: £nil). At the year end there was an outstanding balance due to Emerge Adapt Limited of £13,000 (2017: £nil).

The group has a relationship with Revie Investments Limited, which is controlled by Mrs J Revie, a director. During the year rental of £661,000 (2017: £646,000) was paid to Revie Investments Limited in relation to lease of properties.

The group has a relationship with Auchingramont Investments, a company which is controlled by Mr A Revie, a director. During the year a rental of £125,000 (2017: £1,937,000) was paid to Auchingramont Investments in relation to the lease of properties. During the year income £nil (2017: £517,000) was received from Auchingramont Investments in relation to management services.

25) Controlling party

The company's controlling party is Mr A Revie by way of his 53.75% shareholding in the company.