Crystal Motor Group Limited

Report and unaudited financial statements

For the year ended 31 December 2018

Company Number 04813767

Crystal Motor Group Limited
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for the year ended 31 December 2018

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Crystal Motor Group Limited
Officers and Professional Advisers
for the year ended 31 December 2018

The Board of Directors	D. Gupta R. J. Blumberger
Company Secretary	S.R. Jones
Registered Office	Airport House The Airport Cambridge CB5 8RY United Kingdom
Banker	Barclays Bank plc 9-11 St. Andrew's Street Cambridge CB2 3AA
Solicitor	Dentons UKMEA LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes MK9 1FE

Crystal Motor Group Limited
Strategic Report
for the year ended 31 December 2018

Review of the business

The activities of Crystal Motor Group Limited ("the Company") continue to consist primarily of vehicle sales, servicing of vehicles and associated activities.

The Company's financial performance is assessed primarily by turnover and gross margin as disclosed in the primary statements. Turnover fell to £34,792,000 (2017: £36,676,000) with gross profit decreasing to £3,010,000 (2017: £3,240,000).

Key performance indicators

The business activities of the Company cover multiple divisions operated by the group headed by Marshall Motor Holdings plc ("the Group"). As performance is managed on a divisional basis, additional Company specific performance indicators are not considered necessary to provide an understanding of the financial position and performance of business activities. Divisional performance is discussed in the Marshall Motor Holdings plc Annual Report which is available online or can be obtained from the address in Note 21. The Marshall Motor Holdings plc Annual Report does not form part of this Strategic Report.

Principal risks and uncertainties

The principal risks and uncertainties that may have a significant impact on the Company's financial condition, results of operations and/or reputation include: business relationships and strategy, legal and regulatory changes, compliance risk, economic and political uncertainty, treasury and finance risks, environmental and health and safety risks, attracting and retaining key employees and IT and cyber security risks. For full details of these risks, see the Principal Risks and Uncertainties section of the Marshall Motor Holdings plc Annual Report.

Progress of the European Union exit negotiations continues to be monitored with appropriate actions taken in response to changes in economic conditions. The Company is not a direct importer of vehicles and parts from the EU; it makes purchases from manufacturers' UK national sales companies (NSCs) which have primary responsibility for managing imports to the UK. As a result, the Company continues to maintain close relationships with manufacturers and to monitor manufacturers' Brexit preparations.

Financial risk management

Business activities are carried out under normal trade terms; these terms and relationships with suppliers and customers are regularly reviewed. The Company has a treasury arrangement providing access to Group facilities; funding requirements are managed on a group wide basis. The Company does not use financial derivatives and does not enter into financial instruments, including derivative financial instruments, for speculative purposes.

Approval

This Strategic Report was approved by order of the Board on 31 May 2019.

R.J Blumberger
Director

Crystal Motor Group Limited
Directors' Report
for the year ended 31 December 2018

Directors

The Directors of the Company throughout the year and to the date of this report were:

D. Gupta
M.D. Raban (resigned on 2 January 2019)
R.J. Blumberger (appointed on 2 January 2019)

Results and dividends

The Company is owned by Marshall Motor Holdings plc ("the Group").

The profit for the year, after tax, amounted to £277,000 (2017: loss of £818,000). No dividends have been paid during the year (2017: £nil)

Going concern

The Company's Balance Sheet at 31 December 2018 shows a net current liability position, net liabilities and the Company is profit making. However, this position is being funded through the Company's treasury arrangement with other Marshall Motor Holdings plc group companies which enables the Company to meet its liabilities as they fall due. The Company has received a letter of support from the Group's parent company, Marshall Motor Holdings plc.

On the basis of their assessment of the Company's financial position, including the Company's current dependence on the treasury function managed by Marshall Motor Holdings plc, the Directors have reasonable expectations that the Company will be able to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Events since the balance sheet date

There are no material post balance sheet events that have been identified.

Future developments

The Group's strategic vision is to be regarded as the UK's premier automotive retail group. The Group will continue to focus on achieving this goal through:

- the performance optimisation of the business
- offering outstanding customer service
- demonstrating retailing excellence
- building strong relations with our brand partners and key suppliers, and by being a great place to work.

Approval

This Directors' Report was approved by order of the board on 31 May 2019.

R.J. Blumberger
Director

Crystal Motor Group Limited
Statement of Directors' Responsibilities
For the year ended 31 December 2018

The Directors are responsible for preparing the Strategic Report, 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 the Directors have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 Company and of its profit or loss for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- 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 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.

Crystal Motor Group Limited
Income Statement
for the year ended 31 December 2018

	Note	2018 £'000	2017* £'000
Turnover	4	34,792	36,676
Cost of sales		(31,782)	(33,436)
Gross profit		**3,010**	**3,240**
Administrative expenses		(2,692)	(4,121)
Operating profit/(loss)		**318**	**(881)**
Interest payable and similar charges	7	(49)	(80)
Profit/(loss) on ordinary activities before taxation	5	**269**	**(961)**
Tax on profit/(loss) on ordinary activities	8	(42)	143
Profit/(loss) for the financial year		**227**	**(818)**

*The prior year Income Statement and Balance Sheet have been restated – see Note 22 for further details.

The Company has no recognised gains or losses other than the profit for the year as set out above.

All of the activities of the Company are classed as continuing.

The notes on pages 9 to 18 form part of these financial statements.

Crystal Motor Group Limited
Balance Sheet
as at 31 December 2018

	Note	£'000	2018 £'000	£'000	2017* £'000
Fixed assets					
Tangible assets	9		1,037		1,111
Current assets					
Inventories	10	6,341		6,740	
Debtors	11	1,751		4,196	
Cash at bank and in hand		1		2	
		8,093		10,938	
Creditors: amounts falling due within one year	12	(9,426)		(12,409)	
Net current liabilities			(1,333)		(1,471)
Total assets less current liabilities			(296)		(360)
Creditors: amounts falling due after more than one year	13		(20)		(17)
Provisions for liabilities	15		(45)		(211)
Net liabilities			**(361)**		**(588)**
Capital and reserves					
Called-up share capital	18		250		250
Revaluation reserve			151		161
Profit and loss account			(762)		(999)
Shareholder's deficit			**(361)**		**(588)**

*The prior year Income Statement and Balance Sheet have been restated – see Note 22 for further details

For the year ended 31 December 2018 the Company was entitled to exemption under section 479A of the Companies Act 2006. No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The Directors acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and for the preparation of accounts.

The financial statements were approved by the Board of Directors and authorised for issue on 31 May 2019.

R.J. Blumberger
Director

Company Number: 04813767

Crystal Motor Group Limited
Statement of Changes in Equity
for the year ended 31 December 2018

	Note	Called up share capital	Revaluation reserve	Profit and loss account	Total
		£'000	*£'000*	*£'000*	*£'000*
At 1 January 2017		250	164	(184)	230
Loss for the financial year		-	-	(818)	(818)
Revaluation depreciation transfer	9	-	(3)	3	-
Total comprehensive loss for the year		-	(3)	(815)	(818)
At 31 December 2017		**250**	**161**	**(999)**	**(588)**
Profit for the financial year		-	-	227	227
Revaluation depreciation transfer	9	-	(10)	10	-
Total comprehensive income for the year		-	(10)	237	227
At 31 December 2018		**250**	**151**	**(762)**	**(361)**

1. Basis of preparation and statement of compliance

Crystal Motor Group Limited (company number: 04813767) ("the Company") is a private company, limited by shares, incorporated in England and Wales. The registered office is Airport House, The Airport, Newmarket Road, Cambridge, CB5 8RY. The financial statements have been prepared in compliance with FRS 102, 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'.

The financial statements of the Company were authorised for issue by the Board of Directors on 31 May 2019.

The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000.

The Company accounts have also adopted the following disclosure exemptions:
- Presentation of a cash-flow statement and related notes
- Financial instrument related disclosures
- Key management personnel compensation disclosures
- Related party disclosures with wholly owned subsidiaries within the Group.

These exemptions have been applied as the Company is a qualifying entity and the shareholders of the Company have been notified in writing and no objection has been made to the use of the exemptions.

The Company has taken the exemption from an audit for the year ended 31 December 2018 by virtue of s479A of the Companies Act 2006. In order to allow the Company to take the audit exemption, the parent company Marshall Motor Holdings plc ("the Group") has given a statutory guarantee of all the outstanding liabilities of the Company as at 31 December 2018.

Under section 479C of the Companies Act 2006, the parent company Marshall Motor Holdings plc has guaranteed all outstanding liabilities to which the Company was subject at the end of 31 December 2018 until they are satisfied in full. Such guarantees are enforceable against Marshall Motor Holdings plc by any person to whom any such liability is due.

Going concern

The Company's Balance Sheet at 31 December 2018 shows a net current liability position, net liabilities and the Company is profit making. However, this position is being funded through the Company's treasury arrangement with other Marshall Motor Holdings plc group companies which enables the Company to meet its liabilities as they fall due. The Company has received a letter of support from the Group's parent company, Marshall Motor Holdings plc.

On the basis of their assessment of the Company's financial position, including the Company's current dependence on the treasury function managed by Marshall Motor Holdings plc, the Directors have reasonable expectations that the Company will be able to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2. Accounting policies

Revenue recognition

Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding Value Added Tax. The following criteria must also be met before revenue is recognised:

Sale of goods
Turnover in respect of new and used vehicle sales is recognised when: the significant risks and rewards of ownership of the goods have passed to the buyer, usually when a customer takes possession of a vehicle; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or expected to be incurred in respect of the transaction can be measured reliably.

Rendering of services
Turnover in respect of other services is recognised once the service has been provided.

2. Accounting policies *(continued)*

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. When parts of an item of tangible assets have different useful lives, those components are accounted for as separate items of tangible fixed assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The revaluation reserve is reduced by transfer of the accumulated depreciation on the revalued portion of the freehold land and buildings.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

Depreciation is charged to the Income Statement on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Estimated residual values are included in the calculation of depreciation. The useful lives applicable are:

Freehold buildings	- 50 years
Leasehold improvements	- shorter of the lease term or 10 years
Fixtures and fittings	- 5 years
Computer equipment	- 2-5 years
Land	- indefinite life, not depreciated

Impairment of non-financial assets

At each reporting date assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Income Statement for the year.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income Statement for the year.

Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving items.

Inventories held on consignment are recognised in the Balance Sheet when the terms of a consignment agreement and commercial practice indicate that the principal benefit of owning the inventory (the ability to sell it) and principal risks of ownership (inventory holding cost, responsibility for safe-keeping and some risk of obsolescence) rest with the Company.

Basic financial instruments

Debtors
Short term debtors are measured at transaction price, less any impairment. Any losses arising from impairment are recognised in the Income Statement in administrative expenses.

Creditors
Short term trade creditors are measured at the transaction price.

Interest-bearing loans and borrowings
All interest-bearing loans and borrowings are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is recognised in the Income Statement.

Cash at bank and in hand
Cash at bank and in hand comprise cash at bank and cash in hand.

2. Accounting policies *(continued)*

Leasing – as lessee

Rentals payable under operating leases are charged in the Income Statement on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated without discounting using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition in a business combination, the tax charge / (credit) is presented either in the Income Statement or Statement of Changes in Equity depending on the transaction that resulted in the tax charge / (credit).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Pensions

The Company participates in a defined contribution scheme for its employees. Contributions are charged to the Income Statement as they become payable in accordance with the rules of the scheme.

3. Significant judgements and key sources of estimation uncertainty

The Company makes judgements and estimates concerning the future. The judgements and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

Estimated useful life of tangible fixed assets and impairment of non-financial assets

The Company estimates the useful life and residual values of tangible fixed assets and reviews these estimates at each financial year end. The Company also tests for impairment when a trigger event occurs or annually as appropriate.

Classification of leases

The Company obtains use of tangible fixed assets through operating leases. The classification of such leases as operating or finance leases requires the Company to determine, based on the evaluation of the terms and conditions of the arrangements, whether the lease transfers the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset or liability to be recognised in the Balance Sheet.

Inventory valuation

Motor vehicle inventories are stated at the lower of cost and net realisable value (fair value less costs to sell). Fair values are assessed using reputable industry valuation data which is based upon recent industry activity and forecasts. Whilst this data is deemed representative of current value it is possible that ultimate sales values can vary from those applied.

Taxation

Deferred tax assets require management judgement in determining the amounts to be recognised and recoverable. Judgement is used when assessing the extent to which deferred tax assets should be recognised and recoverable with consideration given to the timing or level of future taxable income.

4. Turnover

Turnover is all attributable to the principal activity of the Company, which is car and commercial vehicle sales, distribution and service. All turnover arises from continuing activities within the United Kingdom and is stated net of VAT.

Turnover is analysed as follows.

	2018	2017
	£'000	£'000
Sale of goods	33,176	35,485
Rendering of services	1,616	1,191
	34,792	**36,676**

5. Profit/(loss) on ordinary activities before taxation

This is arrived at after charging:

	2018	2017
	£'000	£'000
Depreciation of tangible fixed assets (note 9)	101	53
Operating leases costs - land and buildings	111	168
Profit on disposal of tangible fixed assets	(1)	-
Impairment of tangible fixed assets	-	121

6. Staff costs

Staff costs consist of:

	2018	2017
	£'000	£'000
Wages and salaries	1,528	1,928
Social security costs	152	202
Other pension costs	25	24
	1,705	**2,154**

The average number of employees during the year was as follows:

	2018	2017
	No.	No.
Administration	10	12
Sales and aftersales	36	53
	46	**65**

The costs of Directors' services are borne by the Group.

7. Interest payable and similar charges

	2018 £'000	2017 £'000
Inventory financing charges	49	80

8. Tax

a) Tax on profit / (loss) on ordinary activities

The tax charge / (credit) is made up as follows:

	2018 £'000	2017* £'000
Current tax		
Current tax on profit /(losses) for the year	48	(183)
Adjustment in respect of previous periods	36	1
Total current tax	**84**	**(182)**
Deferred tax		
Origination and reversal of timing differences	15	40
Adjustment in respect of previous periods	(55)	(1)
Effect of change in tax rates	(2)	-
Total deferred tax	**(42)**	**39**
Taxation on profit / (loss) on ordinary activities	**42**	**(143)**

*The prior year Income Statement and Balance Sheet have been restated – see Note 22 for further details.

b) Factors affecting the total tax charge / (credit)

The tax assessed on the profit / (loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

	2018 £'000	2017* £'000
Profit / (loss) on ordinary activities before tax	269	(961)
Profit / (loss) on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	51	(185)
Effects of:		
Expenses not deductible for tax purposes	11	42
Adjustments in respect of previous periods	(19)	-
Effect of change in tax rate	(2)	-
Total tax charge / (credit) for the year	**42**	**(143)**

*The prior year Income Statement and Balance Sheet have been restated – see Note 22 for further details

8. Tax *(continued)*

c) Factors that may affect future tax charges

Future tax charges, and the Company's effective tax rate, may be affected by factors such as acquisitions, disposals, restructuring and tax regime reforms.

There have been no changes to the standard rate of corporation tax announced during either 2018 or 2017.

The applicable In the budget of 16 March 2016, the Chancellor of the Exchequer announced a further 1% reduction to the standard rate of corporation tax which will be applicable in the financial year beginning 1 April 2020. The Finance Act 2016, which was substantively enacted when it received Royal Assent on 15 September 2016, reduced the corporation tax rate to 19.00% with effect from 1 April 2017 decreasing to 17.00% with effect from 1 April 2020. The changes to the rate of corporation tax will impact the amount of future cash tax payments for which the Company will be responsible.

For further information on deferred tax balances see Note 16.

9. Tangible fixed assets

	Freehold land and buildings £'000	Leasehold improvements £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 January 2018	657	607	318	1,582
Additions	-	16	27	43
Disposals	-	(219)	(99)	(318)
At 31 December 2018	657	404	246	1,307
Depreciation				
At 1 January 2018	19	186	266	471
Charge for the year	15	60	26	101
On disposals	-	(203)	(99)	(302)
At 31 December 2018	34	43	193	270
Net book value				
At 31 December 2018	**623**	**361**	**53**	**1,037**
At 1 January 2018	638	421	52	1,111

Impairment
There was no impairment charge (2017: £121,000) recognised in the year.

Freehold land and buildings
If freehold land and buildings had not been included at valuation as deemed cost they would have been included under the historical cost convention as follows:

	2018 £'000	2017 £'000
Historic cost	*700*	*700*
Cumulative depreciation based on historical cost	(155)	(141)
Historic net book value	545	559

Included in freehold land and buildings is land of £275,000 (2017: £275,000) which is not depreciated.

Revaluation reserve transfer
A transfer of £10,000 (2017: £3,000) represents the depreciation charge on the revaluation reserve.

10. Inventories

	2018 £'000	2017 £'000
Stock held for resale	6,341	6,740
	6,341	**6,740**

The replacement cost of inventories is not significantly different from the value included in the Balance Sheet.

Inventory recognised in cost of sales during the year as an expense was £28,817,000 (2017: £31,390,000).

At 31 December 2018, £622,000 (2017: £2,326,000) of finished goods are held under vehicle financing agreements.

11. Debtors

	2018 £'000	2017* £'000
Trade debtors	672	962
Amounts owed by Group undertakings	952	3,158
Other debtors	85	28
Prepayments	42	48
	1,751	**4,196**

*The prior year Balance Sheet has been restated - see Note 22 for further details.

Outstanding balances with Group entities are unsecured, interest free and are expected to be settled in cash. During the year ended 31 December 2018, the Company has not made any provision for doubtful debtors relating to amounts owed by related parties (2017: nil)

12. Creditors: amounts falling due within one year

	2018 £'000	2017* £'000
Bank overdrafts	3,444	4,743
Trade creditors		
- Vehicle financing arrangements	622	2,326
- Other trade creditors	4,409	3,476
Amounts owed to Group undertakings	627	1,287
Other taxation and social security	111	339
Other creditors	36	7
Accruals	177	231
	9,426	**12,409**

*The prior year Balance Sheet has been restated – see Note 22 for further details.

The Company finances the purchase of new and used vehicle inventories using vehicle funding facilities provided by various lenders including the captive finance companies associated with brand partners. These finance arrangements generally have a maturity of 90 days or less and the Company is normally required to repay amounts outstanding on the earlier of the sale of the vehicles that have been funded under the facilities or the stated maturity date.

Amounts due to finance companies in respect of vehicle funding are included within trade creditors and disclosed under vehicle financing arrangements.

Vehicle financing facilities are subject to LIBOR-based (or similar) interest rates. The interest incurred under these arrangements is included within interest payable and similar charges.

12. Creditors: amounts falling due within one year *(continued)*

Vehicle funding facilities provided by various lenders are secured against vehicles and by guarantees provided by the Group's parent company, Marshall Motor Holdings plc.

Management considers the carrying amount of creditors to approximate their fair value.

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

	2018	2017
	£'000	£'000
Deferred income	20	17

14. *Operating lease commitments*

The Company's future minimum operating lease payments all relate to land and buildings and are as follows:

	2018	2017
	£'000	£'000
Within one year	97	97
Between one and five years	386	386
In more than five years	258	354
	741	**837**

15. Provision for liabilities

	Closed sites	Vacant property	Deferred tax	Total
	£'000	£'000	£'000	£'000
As at 1 January 2018	97	27	87	211
Credited to income statement for the year	(2)	(2)	14	(46)
Utilised during the year	(95)	(25)	(56)	(120)
As at 31 December 2018	-	-	**45**	**45**

Closed sites and vacant property

The Company manages its portfolio carefully and either closes or sells sites which no longer fit with the Company's strategy. When sites are closed or sold, provisions are made for any residual costs or commitments.

The Company operates from a number of leasehold premises under full repairing leases. The provision recognises that repairs are required to put the buildings back into the state of repair required under the leases.

Where property commitments exist at sites which are closed or closing the Company provides for the unavoidable cost of those leases post closure. The £4,000 release of unutilised provision in the year resulted from the better than expected exit from lease commitments on premises no longer used by the Company.

16. Deferred tax

	2018	2017*
	£'000	£'000
At 1 January	87	48
Changes in provision	(42)	39
At 31 December	**45**	**87**

*The prior year Income Statement and Balance Sheet have been restated – see Note 22 for further details.

The provision for deferred tax consists of the tax effect of timing differences in respect of:

	2018	2017*
	£'000	£'000
Accelerated capital allowances	20	19
Other short term timing differences	(1)	68
Revalued properties	26	-
Total deferred taxation	**45**	**87**

*The prior year Income Statement and Balance Sheet have been restated – see Note 22 for further details.

It is expected that deferred tax relating to timing differences on tangible fixed assets of £1,000 (2017: £3,000) will reverse in the next year after taking into account new originations of deferred tax in that period.

17. Pensions

As described in Note 2, the Company participates in a pension scheme for the benefits of its employees which is a defined contribution scheme. The scheme is funded by the payment of contributions to a trustee administered fund which is kept independently from the assets of the participating employers.

The total pension cost for the year for the Company in respect of the scheme was £25,000 (2017: £23,000).

The total unpaid pension contributions outstanding at the year-end were £5,000 (2017: £5,000).

18. Share capital

	2018	2017
	£'000	£'000
Allotted, called up and fully paid:		
250,000 ordinary shares of £1 each	250	250

19. Reserves

Revaluation reserve – prior to the transition to FRS 102, freehold land and buildings were held at valuation. On transition to FRS 102 the transitional exemption in paragraph 35.10(d) of FRS 102 '*Revaluation as Deemed Cost*' was applied. Fair value at the date of transition was taken as deemed cost; freehold land and buildings are now held at this cost going forwards. The balance on the revaluation reserve relates to pre-transition revaluation surpluses.
– each year a transfer is made from the revaluation reserve to the profit and loss reserves equivalent to the excess depreciation that has been charged in respect of the revalued assets.
– these amounts are not distributable to shareholders as dividends as the gains are not realised.

Profit and loss account – includes all current and prior period profits and losses.

20. Guarantees and other financial commitments

The Group has a revolving credit facility of £120,000,000 of which £nil was drawn at 31 December 2018 (2017: £nil). This facility includes access to an overdraft facility of £25,000,000. This facility is available for general corporate purposes including acquisitions or working capital requirements.

The facility is secured by cross guarantees granted by certain members of the Group. The facility is available until June 2021.

21. Ultimate parent company

The parent undertaking of the largest group of undertakings for which consolidated financial statements are drawn up and of which the Company is a member is Marshall of Cambridge (Holdings) Limited. This is therefore considered to be the ultimate parent company. The parent company of the smallest such group is Marshall Motor Holdings plc. The immediate parent company is CMG 2007 Limited.

Copies of the consolidated financial statements for both Marshall Motor Holdings plc and Marshall of Cambridge (Holdings) Limited can be obtained from Airport House, The Airport, Cambridge, CB5 8RY.

22. Prior year adjustment

In order to more accurately reflect both the substance and legal form of rebate agreements, the decision was taken in the year to recognise the income in the underlying legal entity where the associated transaction occurred. Prior year comparatives have been restated. No adjustment to opening retained earnings has been recognised as it is impracticable to determine the cumulative effect.

Rebates disclosed within cost of sales in the Income Statement totalling £262,000 (2017: £294,000) have been re-allocated from a fellow Group subsidiary undertaking.

This policy change resulted in profits available for distribution as at 31 December 2017 increasing by £238,000.

	2017
	£'000
Decrease in cost of sales	294
Deferred tax impact	(56)
	238

In order to more accurately reflect both the substance and legal form of vehicle financing arrangements, the decision was taken in the year to allocate liabilities in respect of vehicle financing arrangements across the Group in relation to the business units which own the vehicles subject to financing. Prior year comparatives have been restated; this has had no impact on profit or opening retained earnings as all associated finance charges were already allocated across the Group.