Toyota Motor Manufacturing (UK) Limited

Annual report and financial statements for the year ended 31 March 2017

Registered number: 02352348

Toyota Motor Manufacturing (UK) Limited

Annual report and financial statements for the year ended 31 March 2017

Strategic report
for the year ended 31 March 2017

The directors present the Strategic report of the company for the financial year ended 31 March 2017. Principal risks and uncertainties are outlined in the Directors' report.

Principal activities of the company

The principal activities of the company are the manufacture of motor vehicles, engines and engine components. The company assembles the Avensis and Auris vehicle models at Burnaston (including hybrid versions of the Auris) and engines for the use in the vehicle assembly plant and for export at its engine plant in Deeside, North Wales.

Results

The profit for the financial year amounted to €52,073,000 (2016: profit of €90,193,000). Turnover for the year amounted to €2,813,053,000 (2016: €3,231,724,000). An actuarial loss of €107,864,000 (2016: gain of €50,103,000) was made on the pension scheme in the financial year. The carrying value of tangible fixed assets was €169,948,000 at 31 March 2017 (31 March 2016: €208,160,000) and net liabilities including the pension scheme deficit were €634,490,000 at 31 March 2017 (31 March 2016: €578,699,000).

Key performance indicators (KPIs)

Volumes for the current year and prior year are set out in the table below:

Model	2017	2016
Avensis	**33,473**	45,067
Auris	**54,638**	61,801
Auris hybrid	**82,546**	89,001
Burnaston total	**170,657**	195,869
Deeside engines	**267,734**	202,314

Review of the business and future developments

Vehicle sales volume in the year was lower than the previous year and operating profit was reduced. The volume decrease reflects the highly competitive European markets that both the Avensis and Auris models compete in and the stage of their model life cycle. There continued to be a strong focus on cost reduction, to which members throughout the business contributed. The result was in line with the directors' expectations given the current operating conditions. An actuarial loss was recognised on the pension scheme, resulting from a fall in corporate bond yields, although this was partially offset by an expectation of lower inflation rates.

Review of the business and future developments (continued)

Member focus

Toyota seeks to recruit, train and retain members who can then enjoy a long and fulfilling career with the company. A key part of this strategy is the provision of comprehensive health, wellbeing, and medical support and care initiatives. A strong focus on member safety as the foundation for efficient, high quality manufacturing remains the key to the company's continued success. During the year Toyota's occupational health and safety performance was recognised with a RoSPA Manufacturing Sector award, which reflected the company's commitment to accident and ill-health prevention.

Training of young people to take up responsible and skilled positions in manufacturing operations is a key commitment. The Apprentice Training Centre at Burnaston, run in partnership with Burton & South Derbyshire College, trains young people from local companies alongside Toyota apprentices. There are now 25 external companies engaged in the scheme and more than 100 apprentices taking part. Toyota launched a new Total Productive Maintenance apprenticeship during 2016.

Charitable focus

The company seeks to support good causes in the areas local to its manufacturing locations and has a Charitable Trust that supports groups and organisations that are active in the areas of road safety, social inclusion and deprivation and health. During 2016 the company and its members raised £305,000 (€365,000) that the Charitable Trust distributed to representatives of its nominated charities at events at Burnaston and Deeside. In 2013 Toyota started a partnership with the charity Macmillan and over this time a total of £140,000 (€168,000) has been donated through a number of fundraising activities. Since the start of production in 1992, the trust has contributed over £5 million towards local communities surrounding its plants.

Research and development

It is a company policy that management and engineering actively pursue technical and product innovations and development, not only to implement manufacturing process innovation, but also to meet customers' changing requirements and develop new market opportunities. An example of this is bi-tone paint technology which has been trialed during the year and will be introduced on the Auris model.

Review of the business and future developments (continued)

Future developments

In Europe, with its very competitive vehicle market, having up-to-date, attractive models is a key to success. A £240 million investment announced by the company's European parent company, Toyota Motor Europe NV/SA, in March will enable the company to produce vehicles on the Toyota New Global Architecture (TNGA). This will support plant competiveness with new equipment, technologies and systems, ensuring the plant is well positioned for future Toyota models to be made in the UK. Developing the systems and processes to enable implementation of this new technology in Toyota's operation will be a key focus of plant engineering over the coming year.

Following the vote by the UK to leave the European Union on June 23 the company has continued its focus on building quality cars, safely and efficiently, at the lowest cost to delight our customers.

Toyota remains committed to its members and its investment in the company and going forward the company will closely monitor and analyse the impact of Brexit on its business operations in the UK, and how it can maintain competitiveness and secure sustainable growth together with the UK automotive sector and other stakeholders.

Approved by the Board and signed on its behalf by

M Cooke
Managing Director
6 July 2017

Directors' report
for the year ended 31 March 2017

The directors present their annual report and audited financial statements of the company for the financial year ended 31 March 2017. The company's future developments and details on the company's research and development activities are set out in the Strategic report.

Going concern

The financial statements have been prepared on the going concern basis given the continued support of the company's owners. The company's operations are currently funded by amounts due to its European parent company, Toyota Motor Europe NV/SA. Toyota Motor Europe NV/SA has confirmed to the company its intention to provide sufficient funds to enable it to continue to operate and meet its liabilities as they fall due and at least for a period of twelve months from the date of signing these financial statements. Accordingly the directors believe that it is appropriate that these financial statements are prepared on a going concern basis.

Dividends

The directors do not propose the payment of a dividend (2016: €nil).

Principal risks and uncertainties

The company sells its vehicle production to Toyota Motor Europe NV/SA, who market and sell the vehicles. Volume, price and exchange risk are borne by the company in the normal course of the business. Part of the engine output from the engine plant is exported to Toyota group companies around the world. Purchases are primarily from other group companies at pre-agreed rates. The company bears the volume, price and exchange risks related to these transactions.

Financial risk management

The company's operations expose it to a number of financial risks, principally the effects of changes in exchange rates and interest rate risk. The company seeks to limit the adverse effects on the financial performance of the company by minimising its net currency exposure and actively monitoring interest rate movements. The company does not use derivative financial instruments to manage interest rate costs and no hedge accounting is applied.

Given the size of the company, the directors have delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies are implemented by the company's finance department.

Volume risk management

The company's business is substantially dependent upon the sales of its vehicles in the UK and Europe. The market has been affected by the economic crisis and the company needs to respond to this by increasing flexibility if it is to accurately match supply with customer demand. Failure to do this will lead to a reduced market share which would impact on the financial result.

Credit risk

All borrowings are intercompany, cash and trade debtors are immaterial and therefore the company has no material external credit risk.

Financial risk management (continued)

Price risk

The company is exposed to commodity price risk as a result of its operations, in particular to movements in the price of steel. However, given the size of the company's operations, the costs of further managing exposure to commodity price risk exceed their potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company's only exposure to equity securities price risk is within its pension scheme. This risk has been managed by increasing the proportion of other assets used to fund the scheme and by diversifying the spread of equities so that over reliance is not placed on any single market.

Liquidity risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Exchange rate fluctuation

The impact of exchange rate movements on the company is managed by balancing the expected inflows and outflows in currencies other than Euros. The company limits its exposure to currency transaction costs by receiving a net payment in Euros after all currency transactions have been effected, a system known as Toyota Global Netting.

Interest rate cash flow risk

The company's exposure to interest rate risk is minimised due to interest bearing assets and liabilities within the group being on fixed margins. Other cash balances or borrowings outside the group are minimised due to the company's participation in the Toyota Global Netting system.

Creditor payment policy and practice

The company agrees terms and conditions under which business transactions with suppliers are conducted. It is company policy to ensure that suppliers know the terms on which payment will take place when business is agreed. It is company policy that provided a supplier is complying with the relevant terms and conditions, including satisfactory supply of goods and services and the prompt and complete submission of all specified documentation, payment will be made according to the agreed terms and conditions.

Health and safety

The company seeks to achieve the highest standards of Health and Safety and continues to consider this area as its highest priority. This year the company was recognised for its occupational health and safety record and drive for continuous improvement in health and safety by the Royal Society for the Prevention Accidents (RoSPA) which has awarded the company a "Commended in the Manufacturing Sector Award" in their annual safety awards. The company continually seek opportunities to improve health and safety performance and annual improvement activities and challenging targets are fully integrated into the annual planning process.

Directors' report
for the year ended 31 March 2017 (continued)

Charitable and political donations

During the year to 31 March 2017, the company made charitable donations amounting to a total of €845,000 (2016: €1,255,000). These donations comprised €4,000 (2016: €12,000) donated to charities involved in conserving the environment and promoting environmental preservation and awareness, €180,000 (2016: €nil) donated to charities involved in medical, health and human service research and €661,000 (2016: €1,243,000) donated to local charities involved in a range of activities within the local communities surrounding Burnaston and Deeside. Further details are provided in the Strategic report.

No payments were made to political parties (2016: €nil).

People with disabilities

Applications for employment from people with disabilities are always fully considered, bearing in mind the respective aptitudes of the applicant concerned. In the event of members developing disabilities every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that their training, career development and the promotion should, as far as possible, be identical to that of a member who does not suffer from a disability.

Toyota and the environment

The company's philosophy is to minimise all its environmental impacts throughout the manufacturing process. To achieve this the company embraces the Toyota Global Earth Charter:

- The company will meet or exceed all regulatory requirements;
- The company is committed to continued environmental improvement through:
  - Minimising the environmental effects of new materials and processes;
  - Minimising the consumption of resources; and
  - Reducing the production of emissions and waste.
- The company will continually develop the environmental understanding of its members; and
- The company will participate in activities to raise community environmental awareness.

During 2016 the company continued to improve environmental performance and minimise environmental risk through investment and employee activity:

- Installation of five continuous particulate emission monitors to strengthen process control and minimise pollution;
- Upgrade of the main site compressor to improve compressed air generation efficiency;
- Refurbishment of the original plant groundwater protection systems to future proof the factory; and
- Completed the second year of a five year LED light replacement programme.

Toyota and the environment (continued)

The plant's Toyota Environmental Management System is certified to ISO14001 Environmental Management System and ISO50001 Energy Management System. We continue to maintain and improve our daily management and local environmental protection work. Key activities in 2016 have been:

- Supporting the UK Butterfly Conservation National Recording Scheme through working with volunteers on three site survey transects at our Burnaston factory;
- Implementing the green grid biodiversity programme leading to an increase in plant and animal species diversification; and
- Over 70 employees have been recognised for significant environmental improvement activity.

The key focus for future environmental improvement is the installation of new generation clean environmental technology during 2017 as part of a £240 million investment programme. The company continues to innovate to meet our Environmental Challenge 2050 which sets six priority areas for the business, including zero factory CO_2 emission. Here the company is conducting a technical feasibility to introduce low CO_2 technology over the medium and longer term.

Member involvement

The company is committed to regular communication with members to provide them with information relating to their work and the company's planned performance and business environment. This is achieved through a variety of means, ranging from daily meetings between members and their supervisors, the company newsletter and through the Toyota Members' Advisory Board (TMAB).

TMAB is the forum in which members' representatives regularly meet with nominated company senior executives to discuss matters of common interest, advise the company on aspects of its operations and review changes in salaries and terms and conditions of employment. TMAB plays a critical role in creating an environment of mutual trust and respect between the company and its members.

All members are graded within an occupational classification which determines the salary, irrespective of gender. 95.4% (2016: 95.2%) of members are male and 4.6% (2016: 4.8%) of members are female; 6.0% (2016: 6.0%) are represented by ethnic minorities. The company absenteeism rate was 2.2% (2016: 2.0%).

The company supports member development through a range of activities including on and off the job training. The average number of training days per member was 1.5 days (2016: 2.5 days).

The company promotes awareness of all members in relation to the financial and economic factors that affect the performance of the company and encourages member involvement in the company's performance through the collective bonus scheme.

Directors' report
for the year ended 31 March 2017 (continued)

Directors

The following directors held office during the year and up to the date of signing the financial statements (all resident in the UK unless stated):

Mr S Teramoto	
Mr M Cooke	(appointed 1 January 2017)
Mr A Walker	
Mr J Crosbie	
Mr H Hatakeyama	
Dr J Jacobus van Zyl	(resident in Belgium, appointed 1 April 2016)
Mr K Makino	(resident in Belgium)
Mr T Freeman	(resigned 1 January 2017)

Company registered number

Registered number: 02352348.

Directors' responsibilities statement

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the profit or loss of the 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 101, 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 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.

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 the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

M Cooke
Managing Director
6 July 2017

Independent auditors' report to the members of Toyota Motor Manufacturing (UK) Limited

Report on the financial statements

Our opinion

In our opinion, Toyota Motor Manufacturing (UK) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 March 2017;
- the Profit and loss account and Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' report. We have nothing to report in this respect.

Independent auditors' report to the members of Toyota Motor Manufacturing (UK) Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' responsibilities statement set out on page 9, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 Toyota Motor Manufacturing (UK) Limited (continued)

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

Nicholas Stevenson

Nicholas Stevenson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
6 July 2017

Toyota Motor Manufacturing (UK) Limited

Profit and loss account
for the year ended 31 March 2017

	Note	2017 €'000	2016 €'000
Turnover	4	**2,813,053**	3,231,724
Cost of sales		**(2,748,087)**	(3,120,233)
Gross profit		**64,966**	111,491
Administrative expenses		**(21,172)**	(27,960)
Operating profit	5	**43,794**	83,531
Finance income	8	**462**	402
Finance costs	8	**(1,530)**	(3,272)
Finance costs - net	8	**(1,068)**	(2,870)
Profit on ordinary activities before tax		**42,726**	80,661
Tax on profit on ordinary activities	9	**9,347**	9,532
Profit for the financial year		**52,073**	90,193

All the operations in the financial year and the comparative financial year were continuing and there were no acquisitions in either year.

The notes on pages 17 to 47 are an integral part of these financial statements.

Toyota Motor Manufacturing (UK) Limited

Statement of comprehensive income for the year ended 31 March 2017

	Note	**2017** €'000	2016 €'000
Profit for the financial year		**52,073**	90,193
Other comprehensive income: items that will not be reclassified to profit or loss:			
Remeasurement of pension scheme, net of tax	17	**(107,864)**	50,103
Other comprehensive income for the financial year, net of tax		**(107,864)**	50,103
Total comprehensive income for the financial year		**(55,791)**	140,296

The notes on pages 17 to 47 are an integral part of these financial statements.

Toyota Motor Manufacturing (UK) Limited

Balance sheet
as at 31 March 2017

	Note	**2017** €'000	2016 €'000
Fixed assets			
Tangible assets	10	**169,948**	208,160
Current assets			
Stocks	11	**121,909**	117,300
Debtors	12	**114,037**	108,379
Cash at bank and in hand		**1,377**	1,797
		237,323	227,476
Creditors: amounts falling due within one year	13	**(800,531)**	(860,695)
Net current liabilities		**(563,208)**	(633,219)
Total assets less current liabilities		**(393,260)**	(425,059)
Creditors: amounts falling due after more than one year	14	**(1,806)**	(4,517)
Provisions for liabilities	15	**(98,085)**	(104,131)
Post retirement obligations	17	**(141,339)**	(44,992)
Net liabilities		**(634,490)**	(578,699)
Capital and reserves			
Called up share capital	16	**362,231**	362,231
Profit and loss account		**(996,721)**	(940,930)
Total shareholders' deficit		**(634,490)**	(578,699)

The notes on pages 17 to 47 are an integral part of these financial statements.

The financial statements on pages 13 to 47 were approved by the board of directors on 6 July 2017 and were signed on its behalf by:

A Walker
Deputy Managing Director
6 July 2017

Statement of changes in equity for the year ended 31 March 2017

	Note	Called up share capital €'000	Profit and loss account €'000	Total share-holders' deficit €'000
At 1 April 2015		**362,231**	**(1,081,226)**	**(718,995)**
Profit for the financial year		-	90,193	90,193
Other comprehensive income for the financial year:				
Remeasurement of pension scheme, net of tax	17	-	50,103	50,103
Total comprehensive income for the financial year		-	**140,296**	**140,296**
At 31 March 2016 and at 1 April 2016		**362,231**	**(940,930)**	**(578,699)**
Profit for the financial year		-	52,073	52,073
Other comprehensive income for the financial year:				
Remeasurement of pension scheme, net of tax	17	-	(107,864)	(107,864)
Total comprehensive income for the financial year		-	(55,791)	(55,791)
At 31 March 2017		**362,231**	**(996,721)**	**(634,490)**

The profit and loss account represents accumulated comprehensive income for the financial year and prior years.

The notes on pages 17 to 47 are an integral part of these financial statements.

Notes to the financial statements for the year ended 31 March 2017

1 General information

The company manufactures and sells motor vehicles, engines and engine component parts. All sales are to fellow Toyota companies. The products are manufactured predominately for the European market, although some sales are destined for markets in South America, Asia and the rest of the world.

The company is a private company, limited by shares and is incorporated and domiciled in the UK. The company is registered in the East Midlands with a manufacturing plant at Deeside, Wales. The address of its registered office is:

Toyota Motor Manufacturing (UK) Limited
Burnaston
Derby
DE1 9TA

The company's registered number is 02352348.

2 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

The financial statements of Toyota Motor Manufacturing (UK) Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The financial statements of the company do not comply with the requirements of EU-adopted IFRS and shall not therefore contain the unreserved statement of compliance required by paragraph 16 of IAS 1 'Presentation of financial statements'.

The preparation of financial statements in conformity with FRS 101 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 note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  (i) paragraph 79(a)(iv) of IAS 1;
  (ii) paragraph 73(e) of IAS 16 Property, plant and equipment.

Notes to the financial statements for the year ended 31 March 2017 (continued)

2 Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  – 10(d) (statement of cash flows);
  – 10(f) (a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
  – 16 (statement of compliance with all IFRS);
  – 38A (requirement for minimum of two primary statements, including cash flow statements);
  – 38B-D (additional comparative information);
  – 40A-D (requirements for a third balance sheet);
  – 111 (cash flow statement information); and
  – 134-136 (capital management disclosures).

- IAS 7, 'Statement of cash flows'.

- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).

- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

b) Going concern

The financial statements have been prepared on the going concern basis given the continued support of the company's owners. The company's operations are currently funded by amounts due to Toyota Motor Europe NV/SA. Toyota Motor Europe NV/SA has confirmed to the company its intention to provide sufficient funds to enable it to continue to operate and meet its liabilities as they fall due and at least for a period of twelve months from the date of signing these financial statements. Accordingly the directors believe that it is appropriate that these financial statements are prepared on a going concern basis.

c) Format of the profit and loss account

The profit and loss account is presented in accordance with Format 2 of Schedule 1, Part 1, of the Large and Medium-sized Companies and Groups (Accounts and Reports) Reputations 2008, classifying expenses by type, as this format best reflects the company's results.

2 Summary of significant accounting policies (continued)

d) Foreign currency translation

- *Functional and presentational currency*

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in Euros (€), which is also the company's functional currency.

- *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured at an average exchange rate between Euros and Sterling of 1.1982 (average for the year ended 31 March 2016: 1.3710) and a closing exchange rate of 1.1723 (31 March 2016: 1.2726). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in cost of sales in the profit and loss account.

e) Turnover

Turnover represents the invoiced value of goods provided in the normal course of business, excluding Value Added Tax. All of the company's business relates to the manufacture of motor vehicles, motor vehicle engines and parts. Turnover is recognised at the point the vehicle/engine unit leaves the production line. Turnover related to vehicle production is recognised once the completed vehicle is accepted by the group sales and marketing company at the end of the production line. Turnover on engine and engine component parts sales is recognised depending on the terms and conditions of the supply contract, either on despatch or when accepted by the receiving group entity.

f) Tangible fixed assets

Tangible fixed assets are stated at original cost less accumulated depreciation. Cost includes the original purchase price of the asset and costs attributable to bringing the asset to its working condition for its intended use. All additions are initially treated as 'Manufacturing plant under construction'; once the asset is put into economic operation it is re-classified into the appropriate asset class.

g) Depreciation

Provision for depreciation is made on all tangible and lease financed fixed assets, other than freehold land which is not depreciated. The assets are depreciated on a straight line basis at rates calculated to write off the cost evenly over their expected useful economic lives, commencing when the assets were first brought into use.

2 Summary of significant accounting policies (continued)

g) Depreciation (continued)

The depreciation method used reflects as fairly as possible the pattern in which the assets' economic benefits are consumed, as follows:

- Freehold buildings 20 years
- Plant and machinery 5-15 years
- Fixtures and fittings 5-15 years
- Motor vehicles 3 years

Assets held within 'Manufacturing plant under construction' are not depreciated until they are brought into use.

The useful economic lives and residual values of tangible fixed assets are reviewed annually and if expectations are significantly different from previous estimates, the change is accounted for over the remaining useful economic life of the relevant asset.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in administrative expenses in the profit and loss account.

h) Impairment of non-financial assets

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

i) Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease.

The company leases certain property, plant and equipment. Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. The company held no finance leases in the current or prior year.

2 Summary of significant accounting policies (continued)

j) Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

k) Financial assets

- *Classification*

The company classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity investments, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the company's financial assets are loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise receivables and cash in the balance sheet.

- *Recognition and measurement of financial assets*

Purchases and sales of financial assets are recognised on the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

l) Impairment of financial assets – assets carried at amortised cost

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The reversal of any impairment loss is recognised to the extent that subsequent external events clearly and demonstrably reverse the effects of an external event in a way that was not foreseen in the original impairment calculations. The carrying amount is increased up to the amount that it would have been had the original impairment not occurred.

2 Summary of significant accounting policies (continued)

m) Stocks

Stock is stated at the lower of cost and net realisable value. Cost is generally determined on a first in, first out basis or average method of valuation, including, where appropriate, factory overheads, transport and duty costs based on normal levels of activity. Net realisable value is based on estimated selling price in the normal course of business after allowing for the costs of realisation. Provisions are made where necessary for obsolete and slow moving stock.

n) Trade payables

Trade payables 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 (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

o) Borrowings

Borrowings are initially recognised at fair value, adjusted for any transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

p) Borrowing costs

Where interest is directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use, in which case they are capitalised as part of the cost of that asset. Capitalisation of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and the activities to prepare the asset for its intended use are in progress. Borrowing costs are capitalised up to the date when the project is completed and ready for its intended use.

To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined at the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are recognised as expenses when incurred.

q) Warranty

The company offers warranty cover in respect of manufacturing defects which become apparent following purchase. A provision is recognised for expected warranty claims based on past experience of the level of actual warranty claims received and model life cycle evolution.

2 Summary of significant accounting policies (continued)

r) End of life vehicles (ELV)

Provision is made for estimated liabilities to be incurred by the company on vehicles reaching the end of their lives discounted to the expected current cost. The amount of the estimated liability may change depending on future legislation to be enacted and subject to other circumstances. Although the company does not expect its compliance with the directive to result in significant cash expenditures, it is continuing to assess the impact of this future legislation on its financial position, results of operations and cashflows. At year end the amount of the provision is reviewed given the latest information available and if necessary the provision is adjusted.

s) Government grants

Grants against capital expenditure from the Government and other bodies are held on the balance sheet as a liability within other creditors and released to the profit and loss account over the period during which the relevant assets are depreciated. Grants that are received specifically for turnover expenditure are recognised in the profit and loss account as income in the same period that the expenditure is incurred.

At the balance sheet date there are no unfulfilled conditions or contingencies attaching to Government grants that have been recognised.

t) Current and deferred income tax

The tax expense for the year comprises current and deferred tax.

Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 Summary of significant accounting policies (continued)

u) Employee benefits – Post retirement obligations

The company operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

- *Defined benefit plan*

Defined benefit plans typically define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' funds in other comprehensive income in the period in which they arise.

The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset.

Past-service costs are recognised immediately in the profit and loss account.

- *Defined contribution plan*

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. For defined contribution plans, the company pays contributions to privately administered pension insurance plans. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

v) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

3 Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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.

a) Defined benefit pension scheme

The company has an obligation to pay pension benefits to members who are part of the scheme. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 17 for the disclosures of the defined benefit pension scheme.

b) Warranty

The company provides a warranty for the vehicles for manufacturing defects. Provision for warranty is provided for specific periods of time and the amount will vary depending on type of vehicle. The company includes the provision as a component of cost of sales at the time the sale is recognised. The accrued warranty costs represents management's best estimate of the total cost the company will incur to repair or replace parts that fail while still under warranty. The amount of the accrued warranty cost is based on historical experience of part failures as well as current information on repair costs. The amount of warranty cost accrued also contains an estimate of warranty claim recoveries to be received from suppliers. As the provision requires material estimates and extends for several years, actual warranty costs may differ from the estimated amounts and could require a material adjustment to the warranty provision. If these factors require a significant increase in estimated warranty provision, it would negatively affect future operating results of the company. See note 15 for further details.

c) Deferred tax assets

The factors used to assess the likelihood of realisation of the deferred tax assets are the future reversal of existing taxable temporary differences, the payment by group undertakings for surrendered losses, the future taxable income and available tax planning strategies that are prudent and feasible. All available evidence, both positive and negative, is considered to determine whether, based on the weight of that evidence, a valuation is needed for deferred tax assets where it is more probable than not that they will be realised. Unanticipated events or changes could result in re-evaluating the recognition of deferred tax assets. See note 9 for further details.

d) Impairments of non-financial assets

The company considers whether tangible fixed assets are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs).

3 Critical accounting estimates and judgments (continued)

d) Impairments of non-financial assets (continued)

This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using estimated growth rates.

e) Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed 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 re-assessed 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 10 for the carrying amount of the property plant and equipment, and note 2(g) for the useful economic lives for each class of assets.

There are no critical accounting judgements in applying the company's accounting policies.

Notes to the financial statements for the year ended 31 March 2017 (continued)

4 Turnover

Analysis of turnover by category:

	2017	2016
	€'000	€'000
Sales of vehicles	**2,532,279**	3,017,114
Sales of engines and other components	**280,774**	214,610
	2,813,053	3,231,724

All turnover is to fellow Toyota companies. All turnover originates from UK manufacturing operations and substantially all turnover arises in the UK. The ultimate destination of the vehicles, engines and other components sold is:

	2017	2016
	€'000	€'000
Europe	**2,510,102**	2,993,422
Asia	**15,602**	12,986
Americas	**5,741**	6,344
Other	**281,608**	218,972
	2,813,053	3,231,724

Notes to the financial statements for the year ended 31 March 2017 (continued)

5 Operating profit

Operating profit is stated after charging/(crediting):

	2017	2016
	€'000	€'000
Depreciation of owned fixed assets	**60,902**	64,588
Loss/(profit) on sale of fixed assets	**56**	(1,047)
Operating lease charges:		
Plant and machinery	**1,378**	1,337
Other	**203**	237
Release of capital grant	**-**	(754)
Inventory recognised as an expense	**2,167,449**	2,471,714
Reversal of impairment of inventory (included in cost of sales)	**(343)**	(411)
Auditors' remuneration:		
Audit fees for the company	**109**	135
Audit fees for the company's pension scheme	**16**	22
Non-audit services - tax compliance services	**27**	41
- other technical advice	**67**	-
Net amount of foreign exchange gains	**(12,706)**	(1,515)

Notes to the financial statements for the year ended 31 March 2017 (continued)

6 Member costs

	2017	2016
	€'000	€'000
Wages and salaries	**125,759**	157,039
Social security costs	**14,308**	14,441
Other pension costs (note 17)		
Defined benefit plan	**21,228**	27,605
Defined contribution plan	**2,020**	2,299
	163,315	201,384

The average monthly numbers of members (including executive directors) employed by the company during the year was:

	2017	2016
By activity:	**Number**	Number
Production	**2,418**	2,533
Administration	**405**	420
	2,823	2,953

Notes to the financial statements for the year ended 31 March 2017 (continued)

7 Directors

The directors' emoluments were as follows:	**2017**	2016
	€'000	€'000
Aggregate emoluments of the directors (excluding pension contributions)	**1,567**	1,367
Contributions to money purchase schemes	**-**	-

Retirement benefits are accruing to 5 (2016: 5) directors under a defined benefit pension scheme. No (2016: *no) directors accrued benefits under the defined contribution scheme.*

	2017	2016
	€'000	€'000
Pensions paid to former directors	**109**	114

The aggregate accrued pension of the directors at the end of the year was €327,000 per annum (2016: €221,000 per annum).

Highest paid director

The highest paid director's emoluments were as follows:	**2017**	2016
	€'000	€'000
Aggregate emoluments of the highest paid director (excluding pension contributions)	**415**	445
Contributions to money purchase schemes	**-**	-

Retirement benefits are accruing to the highest paid director under a defined benefit pension scheme and are paid by a group undertaking and not recharged. The accrued pension for the highest paid director at the end of the year was €33,000 per annum (2016: €124,000 per annum).

Notes to the financial statements for the year ended 31 March 2017 (continued)

8 Finance income and costs

	Note	2017	2016
Finance income		**€'000**	€'000
Interest in respect of loans to group undertakings		**462**	402

	Note	2017	2016
Finance costs			
Interest expense in respect of loans from group undertakings		**(438)**	(339)
Net expense on pension scheme	17	**(1,092)**	(2,933)
Total finance costs		**(1,530)**	(3,272)
Net finance costs		**(1,068)**	(2,870)

No material amount of borrowing costs have been capitalised in the current or prior financial year.

Notes to the financial statements for the year ended 31 March 2017 (continued)

9 Tax on profit on ordinary activities

Analysis of credit for the financial year

Tax income included in the profit and loss account	**2017**	2016
	€'000	€'000
Corporation tax at 20% (2016: 20%):		
Current year	**11,829**	8,223
Prior year adjustment	**(2,482)**	1,309
Current tax credit for the financial year	**9,347**	9,532
Deferred tax	**-**	-
Total tax on profit on ordinary activities	**9,347**	9,532

Tax expense included in other comprehensive income	**2017**	2016
	€'000	€'000
Current tax	**-**	-
Deferred tax	**-**	-
Total tax expense included in other comprehensive income	**-**	-

Notes to the financial statements for the year ended 31 March 2017 (continued)

9 Tax on profit on ordinary activities (continued)

Factors affecting the total tax credit for the financial year

The tax assessed for the financial year is lower (2016: lower) than the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017	2016
	€'000	€'000
Profit on ordinary activities before taxation	**42,726**	80,661
Profit on ordinary activities multiplied by standard rate in the UK of 20% (2016: 20%)	**8,545**	16,132
Effects of:		
Expenses not deductible for tax purposes	**20**	28
Prior year adjustment in respect of group relief claimed	**2,482**	(1,309)
Capital allowances in excess of depreciation for which no deferred income tax asset was recognised	**(16,533)**	(21,210)
Other timing differences for which no deferred income tax was recognised	**(3,861)**	(3,173)
Total tax credit for the financial year	**(9,347)**	(9,532)

Notes to the financial statements for the year ended 31 March 2017 (continued)

9 Tax on profit on ordinary activities (continued)

Deferred tax

There is no liability for deferred taxation (2016: nil). The deferred tax assets and liabilities provided and unprovided, calculated on the liability method at a rate of 17% (2016: 18%) are as follows:

	2017		2016	
	Recognised	**Un-recognised**	Recognised	Un-recognised
	€'000	**€'000**	€'000	€'000
Accelerated capital allowances	-	**91,882**	-	112,136
Losses	-	**166,739**	-	176,547
Pension deficit	-	**24,031**	-	8,099
Deferred tax asset	-	**282,652**	-	296,782

Tax losses have been approved for future utilisation. No deferred tax asset is currently recognised on these losses. The recognition of the unrecognised deferred tax asset is dependent on the company being able to forecast probable future taxable profits.

Factors affecting future tax liabilities

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 21% to 20% from 1 April 2015.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the financial statements for the year ended 31 March 2017 (continued)

10 Tangible assets

	Freehold land and buildings	Manufacturing plant under construction	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Cost						
At 1 April 2016	278,012	22,050	1,707,940	13,525	1,167	2,022,694
Additions	-	22,737	-	-	-	22,737
Transfers	2,282	(31,456)	29,028	179	(33)	-
Disposals	-	-	(362,244)	(3,569)	-	(365,813)
At 31 March 2017	**280,294**	**13,331**	**1,374,724**	**10,135**	**1,134**	**1,679,618**
Accumulated depreciation						
At 1 April 2016	224,132	-	1,576,607	13,271	524	1,814,534
Provided in the year	3,319	-	57,114	151	318	60,902
Disposals	-	-	(362,197)	(3,569)	-	(365,766)
At 31 March 2017	**227,451**	**-**	**1,271,524**	**9,853**	**842**	**1,509,670**
Net book amount						
At 31 March 2017	**52,843**	**13,331**	**103,200**	**282**	**292**	**169,948**
At 31 March 2016	53,880	22,050	131,333	254	643	208,160

At each balance sheet date, included in freehold land and buildings, is land valued at €32,601,000 which is not subject to depreciation. €1,209,572,000 of fully depreciated assets are still in use, of which €198,155,000 of assets have been retired from active use and not classified as held for sale in accordance with IFRS 5 'Non-current assets held for sale and discontinued operations'.

No tangible fixed assets are held under finance leases at each balance sheet date. No external valuation has been performed on freehold land and buildings. The directors estimate that the fair value of tangible fixed assets, including land and buildings, materially equates to their carrying value.

No material amount of borrowing costs have been capitalised in the current or prior financial year.

11 Stocks

	2017	2016
	€'000	€'000
Raw materials and consumables	**104,553**	108,722
Work in progress	**3,509**	3,736
Finished goods and goods for resale	**13,847**	4,842
	121,909	117,300

There is no material difference between the replacement cost of stock and the amounts stated above.

Stock is stated after provisions for impairment of €10,593,000 (2016: €10,936,000).

12 Debtors

	2017	2016
	€'000	€'000
Trade debtors	**1,627**	1,431
Amounts owed by group undertakings	**71,433**	71,880
Other receivables	**34,328**	27,914
Prepayments and accrued income	**6,649**	7,154
	114,037	108,379

All amounts shown under debtors fall due for payment within one year. No (2016: no) provisions are held for impairment.

All amounts owed by group undertakings are payable on demand, unsecured and incur no interest except for vehicle sales. Interest on vehicle sales is calculated using Euribor / LIBOR 1 month interest rates.

In 1994 the company started a car loan scheme whereby members are given the opportunity to purchase a car with payment being largely deferred for up to twelve months (Managers' Car Scheme). The purchase price left outstanding is on an interest free basis and is included within 'Other receivables'.

The company also operates a self-administered member car scheme (Members' Car Plan). Members have the opportunity to purchase vehicles on extended credit terms whereby the payment is deferred for either twelve months or thirty months. The amount owed by the members to the company is included in 'Other receivables'.

13 Creditors: amounts falling due within one year

	2017	2016
	€'000	€'000
Trade payables	**15,305**	17,179
Amounts owed to group undertakings:		
Loans	**473,851**	487,096
Other	**275,030**	313,022
Taxation and social security	**6,850**	15,190
Other creditors	**16,384**	15,565
Accruals and deferred income	**13,111**	12,643
	800,531	860,695

All amounts owed to group undertakings are payable on demand, unsecured and incur no interest except for loans separately disclosed above, and other amounts owed for the Member Car Loan scheme. Loans are repayable within one year and are materially all denominated in Euros. They are unsecured and interest is charged based on current LIBOR 1 month rates. The Member Car Loan is denominated in Sterling. Interest on the Member Car Loan scheme is calculated using the prevailing market rate. The Member Car Loans are held within amounts owed to group undertakings - other.

At 31 March 2017, the company had undrawn amounts on its loans from group undertakings of €381,000,000 (2016: €570,000,000).

14 Creditors: amounts falling due after more than one year

	2017	2016
	€'000	€'000
Amounts owed to group undertakings: loans	**1,806**	4,517

The repayment dates of loans owed to group undertakings at 31 March 2017 are as follows: 31 May 2018: €111,000; 30 June 2018: €271,000; 31 July 2018: €178,000; 31 August 2018: €188,000; 31 October 2018: €413,000; 30 November 2018: €125,000; 31 December 2018: €132,000; 31 January 2019: €224,000; 28 February 2019: €94,000 and 31 August 2019: €70,000. All of the loans are denominated in Sterling, unsecured and incur interest at the prevailing market rate. All the above amounts are payable within five years.

15 Provisions for liabilities

	ELV	Warranty	Total
	€'000	€'000	€'000
At 1 April 2016	1,263	102,868	104,131
Additions to profit and loss	-	16,812	16,812
Unused amounts reversed to profit and loss	-	(12,063)	(12,063)
Amounts utilised	-	(10,795)	(10,795)
At 31 March 2017	**1,263**	**96,822**	**98,085**

End of life vehicles (ELV)

In September 2000 the European Parliament passed Directive 2000/53/EC on End of Life Vehicles. Member states have since that time implemented this directive into national law.

Based on the legislation, the company has made an estimate of the liability related to the covered vehicles in existence as of 31 March 2017. A provision of €1,263,000 (2016: €1,263,000) has been recognised. It is not possible at this stage to give a reliable indication as to the period over which these costs will be paid by the company.

Warranty

The company offers warranty cover in respect of manufacturing defects which become apparent following purchase. A provision of €96,822,000 (2016: €102,868,000) has been recognised for expected warranty claims over the next three years based on past experience of the level of actual warranty claims received and model evolution.

16 Called up share capital

	2017	2016
	€'000	€'000
Allotted and fully paid		
300,000,000 (2016: 300,000,000) ordinary shares of £1 each	**362,231**	362,231

There were no transactions affecting share capital in the current or prior year. Share capital was translated at a rate of 1.2074 and is not subject to revaluation.

17 Post retirement obligations

The company operates a number of pension schemes for its members.

i) Defined benefit scheme

The company operates a defined benefit pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company in a trustee-administered fund. On 1 April 2013 the defined benefit scheme was closed to new members joining the company.

The scheme pensions are updated in line with the Retail Price Index for current members and the Consumer Price Index for deferred members.

Plan assets held in the fund are governed by local regulations and practice in the UK. Responsibility for the governance of the plan, including investment decisions and contribution schedules, lies with the Trustees of the scheme.

Valuations are carried out every three years using appropriate valuation methods, and an independent actuary determines the rate of contributions required. The most recent actuarial valuation of the company's pension plan was carried out at 5 April 2015.

A qualified independent actuary updated the results of the most recent actuarial valuation to 31 March 2017. Liabilities have been calculated using a consistent projected unit valuation method and compared to the plan's assets at the 31 March 2017 market value.

The risks of the scheme are as follows:

a) Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields: if plan assets underperform this yield, this will create a deficit. The plan holds a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short term.

As the plans mature, the company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

17 Post retirement obligations (continued)

i) Defined benefit scheme (continued)

b) Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

c) Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in the life expectancy will result in an increase in the plan's liabilities.

d) Foreign exchange risk

The scheme assets are held and liabilities arise in Sterling. As the pension scheme is in a net deficit position, a strengthening of the Sterling against the Euro would lead to a loss on foreign exchange.

e) Inflation risk

The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (in the case of fixed interest bonds) or loosely correlated with (in the case of equities) inflation, meaning that an increase in inflation will also increase the deficit.

Principal actuarial assumptions

Based on actuarial advice, the financial assumptions used to calculate the scheme are:

	31 March 2017	31 March 2016
Inflation – Retail Price Index (RPI)	**3.20%**	3.05%
– Consumer Price Index (CPI)	**2.40%**	2.25%
Discount rate	**2.60%**	3.75%
Assumed rate of increase of salaries including inflation at 2.40% (2016: 3.05%)	**2.90%**	3.55%
Assumed rate of increase of pensions in payment	**3.15%**	3.05%

The principal financial assumption is the 'real discount rate', being the excess of the discount rate over the rate of inflation. The discount rate is based on the market yields on high quality corporate bonds of appropriate currency and term to the deferred benefit obligations (approximately 27 years) (2016: 27 years).

Notes to the financial statements for the year ended 31 March 2017 (continued)

17 Post retirement obligations (continued)

i) Defined benefit scheme (continued)

The mortality assumptions used were as follows:	**31 March 2017 Years**	31 March 2016 Years
Longevity at age 65 for current pensioners:		
Male	**23.0**	23.3
Female	**25.5**	25.5
Longevity at age 65 for future pensioners:		
Male	**24.8**	25.5
Female	**27.5**	27.8

The valuation assumes that mortality will be in line with standard tables adjusted to reflect the expected experience of the scheme membership based on analysis carried out for the 5 April 2015 funding valuation. A specific allowance for anticipated future improvements in life expectancy is also incorporated.

	Assets	**Liabilities**	**Total**
Reconciliation of scheme assets and liabilities	**€'000**	**€'000**	**€'000**
At 1 April 2016	737,856	(782,848)	(44,992)
Benefits paid	(6,709)	6,709	-
Employer contributions	28,081	-	28,081
Current service cost	-	(20,172)	(20,172)
Administrative expenses	(1,056)	-	(1,056)
Death in service	(462)	462	-
Interest income/(expense)	26,423	(27,515)	(1,092)
Foreign exchange (losses)/gains	(62,050)	67,806	5,756
Remeasurement gains/(losses)	133,302	(241,166)	(107,864)
At 31 March 2017	**855,385**	**(996,724)**	**(141,339)**

The equity investments and bonds which are held in plan assets are valued at their current bid prices.

Notes to the financial statements for the year ended 31 March 2017 (continued)

17 Post retirement obligations(continued)

i) Defined benefit scheme (continued)

Sensitivity of defined benefit scheme to changes in principal assumptions

The sensitivity of the defined benefit scheme to changes in the weighted principal assumption is:

	Impact on defined benefit obligation		
	Change in assumption	**Increase in assumption €'000**	**Decrease in assumption €'000**
Discount rate	+/-0.1%	826	875
Salary growth rate	+/-0.1%	856	843
Pension growth rate	+/-0.1%	863	837
Life expectancy	+/-0.1 year age rating	827	873

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unity credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised on the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Profit and loss account charge by nature of expense

Total cost recognised as an expense:	**2017**	2016
	€'000	€'000
Current service cost	**20,172**	25,734
Administrative expenses	**1,056**	1,871
	21,228	27,605
Net interest cost	**1,092**	2,933
	22,320	30,538

17 Post retirement obligations (continued)

i) Defined benefit scheme (continued)

Remeasurement (losses)/gains	**2017**	**2016**
	€'000	€'000
Gains/(losses) from changes in demographic assumptions	**-**	(23,866)
(Losses)/gains from changes in financial assumptions	**(253,852)**	88,589
Experience gains on liabilities	**12,686**	15,027
Experience gains/(losses) on assets	**133,302**	(29,647)
	(107,864)	50,103

Summary of fair value of the plan assets	**2017**	**2017**	**2017**
	Quoted €'000	**Unquoted €'000**	**Total €'000**
Equity instruments	**497,224**	**-**	**497,224**
Debt instruments	**273,868**	**-**	**273,868**
Property	**-**	**79,930**	**79,930**
Cash	**-**	**4,363**	**4,363**
	771,092	**84,293**	**855,385**

	2016	2016	2016
	Quoted €'000	Unquoted €'000	Total €'000
Equity instruments	429,347	-	429,347
Debt instruments	220,772	-	220,772
Property	-	84,331	84,331
Cash	-	3,406	3,406
	650,119	87,737	737,856

Notes to the financial statements for the year ended 31 March 2017 (continued)

17 Post retirement obligations (continued)

i) Defined benefit scheme (continued)

The assets do not include any of the company's own financial instruments or property connected with the company.

Return on the scheme assets

	2017	2016
	€'000	€'000
Interest income on plan assets	**26,423**	27,122
Remeasurements	**133,302**	(29,647)
Total return on plan assets	**159,725**	(2,525)

At the last funding valuation the company has agreed with the trustees that the contributions for the next thirteen years will be increased by €303,000 (2016: €328,000) per calendar month. The total contributions expected to be made to the scheme by the company in the year to 31 March 2017 is €27,119,000.

ii) Defined contribution scheme

From 1 October 2002 the company introduced a defined contribution pension scheme for new members joining the company. The pension cost charge for the year was €2,020,000 (2016: €2,299,000) and there are no outstanding or prepaid contributions as at 31 March 2017 (2016: €nil).

18 Lease commitments

The minimum future lease payments under non-cancellable operating leases for each of the following periods are:

Land and buildings:	**2017**	2016
	€'000	€'000
Expiring:		
Within one year	**4**	-

Other:	**2017**	2016
	€'000	€'000
Expiring:		
Within one year	**672**	1,454
Within one year to five years	**1,315**	2,118
More than five years	**21**	66
	2,008	3,638

Other lease commitments relate to the lease of fork lift trucks and other handling equipment.

19 Contingent liabilities

The company has no contingent liabilities that should be included within these financial statements (2016: nil).

20 Capital commitments

	2017	2016
	€'000	€'000
Capital expenditure on fixed assets authorised by the directors and contracts placed at the year end, but not provided for in the financial statements	**24,573**	3,077

21 *Parent undertakings and related party transactions*

The company's immediate parent company is Toyota Motor Europe NV/SA, a company incorporated in Belgium. The company's ultimate parent undertaking and controlling party is Toyota Motor Corporation, a company incorporated in Japan.

The largest and only group into which the results of the company are consolidated is that headed by Toyota Motor Corporation.

As the company is wholly owned by Toyota Motor Corporation whose consolidated financial statements are publicly available, the company has taken advantage of the relief available under FRS 101 paragraph 8(k) not requiring subsidiary undertakings to disclose transactions with entities that are fellow group companies or investees of the group qualifying as related parties. See note 7 for disclosure of directors' remuneration.

Copies of the consolidated financial statements of Toyota Motor Corporation can be obtained from:

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