

Registered number: SC034750

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MORRISON'S GARAGE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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COMPANIES HOUSE

MORRISON'S GARAGE LIMITED

COMPANY INFORMATION

Directors	J H S Clark C J Clark A L Morrison (resigned 16 November 2018) A I Morrison (resigned 31 January 2018) A D Morrison (resigned 31 January 2018)
Company secretary	A McIntosh
Registered number	SC034750
Registered office	Alliance Centre Greenwell Road East Tullos Industrial Estate Aberdeen AB12 3AX
Independent auditor	Grant Thornton UK LLP 110 Queen Street Glasgow G1 3BX

MORRISON'S GARAGE LIMITED

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MORRISON'S GARAGE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The directors present their strategic report with the financial statements of the Company for the year ended 31 December 2018.

Overview of performance

The company became a wholly owned subsidiary of John Clark (Holdings) Limited in November 2017.

This acquisition then saw the agreed January 2018 cessation of the company's links with the until then supported Defined Benefits Pension Scheme. The freehold land and buildings were revalued immediately before the change in ownership, in line with valuations provided by suitably qualified independent chartered surveyors. The Investment Property freehold was sold in 2018, at a price which matched this valuation and book value.

The company continued to operate the Seat franchise in Stirling as well as a Jet branded petrol filling station, shop and car wash. The Jaguar franchise was transferred to a fellow wholly owned motor trade subsidiary of our common parent company.

Turnover for the year ended December 2018 was £9.9m (Eleven months to December 2017: £10.7m). The loss before tax was £70,366 (Eleven months to December 2017: Loss of £8,357).

The company strengthened its working capital position to a now positive net current assets balance.

The company measures performance against monthly objectives within annual budgets, as well as monthly comparisons against manufacturer dealer composite information and certain franchised motor trade specific Key Performance Indicators in each operating department of the dealership. These industry wide KPIs measure a variety of issues including gross operating margins and operating costs versus gross profits ratios plus vehicle sales and aftersales sales process efficiencies.

Future prospects

The company continues to operate as in 2018 and to generate improved trading results in 2019.

The marketplace remains challenging. However, the Directors believe that increased investment in our customer database and digital media marketing activities, together with an ongoing commitment to the training and development of our people will result in further growth and improved returns.

The Directors recognise the continued UK wide background of ongoing political uncertainty, which is leading to reduced consumer confidence. The inherent motor trade risks of manufacturer franchise led changes to their dealer network's operating margins are also recognised and closely monitored. However, the Directors have experience of managing these risks and continue to be confident of trading profitably.

MORRISON'S GARAGE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Liquidity risk

The group of which the company is a part maintains a mixture of long-term and short-term debt finance that is designed to ensure that the company has sufficient available funds for its operations.

Interest rate cash flow risk

The group of which the company is a part has both interest bearing assets and liabilities. The interest bearing assets only include cash balances. The group no longer holds bank loan interest swap hedging instruments, with all such debt being at variable LIBOR linked interest rates. The directors believe this to be appropriate for the foreseeable needs of the business.

This report was approved by the board on *30 September 2019* and signed on its behalf.



C J Clark
Director

MORRISON'S GARAGE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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

Principal activity

The principal activity of the Company in the year under review was that of a motor dealership.

Results and dividends

The loss for the year, after taxation, amounted to £54,007 (2017: loss £7,391).

No dividends will be distributed for the year ended 31 December 2018 (2017: £Nil).

Directors

The directors who served during the year were:

J H S Clark
C J Clark
A L Morrison (resigned 16 November 2018)
A I Morrison (resigned 31 January 2018)
A D Morrison (resigned 31 January 2018)

Directors' Responsibilities Statement

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

MORRISON'S GARAGE LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *30 September 2019* and signed on its behalf.



C J Clark
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORRISON'S GARAGE LIMITED

Opinion

We have audited the financial statements of Morrison's Garage Limited, (the Company), for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORRISON'S GARAGE LIMITED
(CONTINUED)**

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic report and Directors' report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORRISON'S GARAGE LIMITED
(CONTINUED)**

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



James Chadwick
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Glasgow
Date: 2 October 2019.

MORRISON'S GARAGE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

		31 December 2018 £	11 month period ended 31 December 2017 £
	Note		
Turnover	4	9,915,485	10,703,240
Cost of sales		(9,264,712)	(10,180,972)
Gross profit		650,773	522,268
Administrative expenses		(681,505)	(610,243)
Other operating income		-	125,000
Operating (loss)/profit	5	(30,732)	37,025
Interest payable and expenses	8	(39,634)	(45,382)
Loss before tax		(70,366)	(8,357)
Tax on loss	9	16,359	966
Loss for the financial year		(54,007)	(7,391)
Other comprehensive income for the year			
Remeasurement losses recognised on defined benefit pension scheme		-	(1,591,000)
Current tax deductions allocated to actuarial gains		-	270,470
		-	(1,320,530)
Total comprehensive income for the year		(54,007)	(1,327,921)

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

The notes on pages 11 to 26 form part of these financial statements.

MORRISON'S GARAGE LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	10	1,904,184	3,098,781
Current assets			
Stocks	11	1,108,995	3,848,085
Debtors: amounts falling due within one year	12	1,050,539	235,694
Cash at bank and in hand	13	94,216	755,178
		2,253,750	4,838,957
Creditors: amounts falling due within one year	14	(1,519,258)	(5,245,014)
Net current assets/(liabilities)		734,492	(406,057)
Total assets less current liabilities		2,638,676	2,692,724
Provisions for liabilities			
Deferred tax	16	(9,600)	(9,641)
		(9,600)	(9,641)
Net assets		2,629,076	2,683,083
Capital and reserves			
Called up share capital	17	19,100	19,100
Capital redemption reserve	18	537,911	537,911
Non distributable reserve	18	749,165	1,421,717
Profit and loss account	18	1,322,900	704,355
		2,629,076	2,683,083

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
30 September 2019



C J Clark
Director

The notes and accounting policies on pages 11 to 26 form part of these financial statements.

MORRISON'S GARAGE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2018	19,100	537,911	1,421,717	704,355	2,683,083
Loss for the year	-	-	-	(54,007)	(54,007)
Disposal of revalued property	-	-	(672,552)	672,552	-
At 31 December 2018	19,100	537,911	749,165	1,322,900	2,629,076

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 February 2017	19,100	537,911	672,552	2,032,276	3,261,839
Loss for the period	-	-	-	(7,391)	(7,391)
Deferred tax movements	-	-	-	270,470	270,470
Surplus on revaluation	-	-	749,165	-	749,165
Other movement type 1	-	-	-	(1,591,000)	(1,591,000)
At 31 December 2017	19,100	537,911	1,421,717	704,355	2,683,083

The notes on pages 11 to 26 form part of these financial statements.

MORRISON'S GARAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Morrison's Garage Limited is a private company limited by shares and incorporated in Scotland. Its registered head office is located at Alliance Centre, Greenwell Road, East Tullos Industrial Estate, Aberdeen, AB12 3AX.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

In order to satisfy themselves that the financial statements should be prepared on a going concern basis, the Directors have prepared projections for at least 12 months from the date of approving the financial statements which show that the company should stay within its current facilities.

The financial statements have been prepared in Sterling (£) as the functional currency.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have reviewed budgets and forecasts having regard to available facilities and are satisfied that the Company can meet its liabilities as they fall due for the foreseeable future. On this basis the directors are of the opinion that it is appropriate to prepare the accounts on a going concern basis, given the ongoing support of the wider group.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue, which is wholly attributable to the company's principal activities and is derived entirely in the United Kingdom, represents the amounts derived from the provision of goods and services to customers during the year. Turnover is recognised when vehicles and parts are invoiced and physically handed over or when the service has been undertaken.

Manufacturer franchise performance related bonuses are a material part of the company's revenue. Whether in the vehicles sales, after sales workshops or parts functions, these are recognised as income only when the related objectives have been achieved. Furthermore, any specific bonuses which have been paid upon stock vehicles are deferred until the vehicle is sold.

MORRISON'S GARAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant and machinery	-	20%
Fixtures and fittings	-	20%
Petrol complex	-	20%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

2.5 Investment property

Certain of the Company's properties are held for long-term investment. Investment properties are accounted for as follows:

- Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure.
- Investment properties whose fair value can be reliably measured are held at fair value. The surplus or deficit on revaluation is recognised in the Statement of Comprehensive Income and accumulated in the non distributable reserve.

MORRISON'S GARAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

The company has entered into a number of consignment agreements with manufacturers regarding the supply of vehicles. The directors review each of these separately and recognise the stock and related creditor at the point the risks and rewards of ownership have passed to the company.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

MORRISON'S GARAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

MORRISON'S GARAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

MORRISON'S GARAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Certain judgements are applied in the preparation of the statutory accounts, with the company following a group standard policy on stock provisioning. The age of stock is taken into account on all categories of stock with standard percentage provisioning applied to parts and miscellaneous stock, and the industry renowned external valuations, when considering the requirement and quantum of provisions on vehicle stock.

4. Turnover

Analysis of turnover by class of business:

	31 December 2018 £	11 month period ended 31 December 2017 £
Sale of goods and services	9,915,485	10,703,240

All turnover arose within the United Kingdom.

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	31 December 2018 £	11 month period ended 31 December 2017 £
Depreciation of fixed assets	18,973	21,244
Demonstrator and courtesy vehicle depreciation	45,836	36,667
Net rents receivable	-	125,000

MORRISON'S GARAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

6. Auditor's remuneration

	31 December 2018 £	11 month period ended 31 December 2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	5,150	5,000

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

MORRISON'S GARAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

7. Employees

Staff costs were as follows:

	31 December 2018 £	11 month period ended 31 December 2017 £
Wages and salaries	933,727	1,043,343
Social security costs	77,766	136,776
Cost of defined contribution scheme	18,240	10,204
	<u>1,029,733</u>	<u>1,190,323</u>

During the period, no director received any emoluments (2017: Nil).

The average monthly number of employees, including the directors, during the year was as follows:

	31 December 2018 No.	11 month period ended 31 December 2017 No.
Management	4	3
Administration	3	8
Sales	7	6
Other	26	29
	<u>40</u>	<u>46</u>

MORRISON'S GARAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Interest payable and similar expenses

	31 December 2018 £	11 month period ended 31 December 2017 £
Bank and loan interest payable	9,905	-
Stocking loan interest	28,158	45,382
Other interest payable	1,571	-
	<u>39,634</u>	<u>45,382</u>

9. Taxation

	31 December 2018 £	11 month period ended 31 December 2017 £
Corporation tax		
Current tax on profit for the year	-	946
Adjustments in respect of previous periods	137	-
	<u>137</u>	<u>946</u>
Group taxation relief	(16,455)	-
Total current tax	<u>(16,318)</u>	<u>946</u>
Deferred tax		
Origination and reversal of timing differences	267	(2,184)
Adjustments in respect of prior periods	(308)	272
Total deferred tax	<u>(41)</u>	<u>(1,912)</u>
Taxation on loss on ordinary activities	<u>(16,359)</u>	<u>(966)</u>

MORRISON'S GARAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2017: *higher than*) the standard rate of corporation tax in the UK of 19% (2017: 19.18%). The differences are explained below:

	31 December 2018 £	11 month period ended 31 December 2017 £
Loss on ordinary activities before tax	(70,366)	(8,357)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.18%)	(13,370)	(1,603)
Effects of:		
Expenses not deductible for tax purposes	391	84
Fixed asset timing differences	(3,179)	-
Adjustments to tax charge in respect of prior periods - deferred tax	-	272
Adjustment in respect of previous period - CT	137	-
Adjustment in respect of previous period - DT	(308)	-
Rate changes	(30)	281
Total tax charge for the year/period	(16,359)	(966)

Factors that may affect future tax charges

The Company has recognised deferred tax at a rate of 17%. Corporation tax rates of 19% (from 1 April 2017) and 17% from (1 April 2020) have been substantively enacted and the recognised deferred tax balances have been remeasured accordingly.

MORRISON'S GARAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Tangible fixed assets

	Freehold property £	Plant and Fittings £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2018	3,000,000	103,679	181,292	3,284,971
Additions	-	35,934	18,824	54,758
Transfers intra group	583,269	-	(36,955)	546,314
Disposals	(1,783,269)	-	-	(1,783,269)
At 31 December 2018	<u>1,800,000</u>	<u>139,613</u>	<u>163,161</u>	<u>2,102,774</u>
Depreciation				
At 1 January 2018	-	74,970	111,220	186,190
Charge for the year on owned assets	-	15,228	3,745	18,973
Transfers intra group	-	-	(6,573)	(6,573)
At 31 December 2018	<u>-</u>	<u>90,198</u>	<u>108,392</u>	<u>198,590</u>
Net book value				
At 31 December 2018	<u>1,800,000</u>	<u>49,415</u>	<u>54,769</u>	<u>1,904,184</u>
At 31 December 2017	<u>3,000,000</u>	<u>28,709</u>	<u>70,072</u>	<u>3,098,781</u>

Freehold property at Whins of Milton, Stirling in existence 1 February 1997 was valued at 31 January 1998 by Shepherd Chartered Surveyors, on an open market basis, again in June 2012, by DM Hall, Chartered Surveyors and finally in November 2017 by Graham and Sibbald, Chartered Surveyors, on an open market basis. The latter valuation has been adopted as deemed cost on adoption of FRS 102.

MORRISON'S GARAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

10. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Cost	1,273,225	1,875,523
Accumulated depreciation	(222,397)	(297,247)
	<u>1,050,828</u>	<u>1,578,276</u>

The net book value of land and buildings may be further analysed as follows:

	2018 £	2017 £
Investment properties at fair value	-	1,200,000
Other properties at FRS 102 deemed cost	1,800,000	1,800,000
Net book value	<u>1,800,000</u>	<u>3,000,000</u>

11. Stocks

	2018 £	2017 £
Goods for resale - Vehicles	983,390	1,318,404
Manufacturer wholesale	-	2,529,681
Goods for resale - Parts	34,157	-
Miscellaneous	91,448	-
	<u>1,108,995</u>	<u>3,848,085</u>

Manufacturer Wholesale stock is where vehicles have seen VAT invoices raised and charged to the company but where no immediate payment is required and the invoice has then been assigned to a third party finance house stocking facility. The associated VAT inclusive creditors are shown in note 14.

MORRISON'S GARAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Debtors

	2018 £	2017 £
Trade debtors	202,988	155,349
Amounts owed by group undertakings	835,837	-
Other debtors	11,714	80,345
	<u>1,050,539</u>	<u>235,694</u>

13. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>94,216</u>	<u>755,178</u>

14. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	337,010	755,541
Amounts owed to group undertakings	-	274,177
Corporation tax	-	946
Other taxation and social security	40,327	72,842
Vehicle stocking loans	1,075,044	826,233
Manufacturer Wholesale	-	3,220,038
Other creditors and accruals	66,877	95,237
	<u>1,519,258</u>	<u>5,245,014</u>

Manufacturer Wholesale creditors occur where vehicles have seen VAT invoices raised and charged to the company but where no immediate payment is required and the invoice has then been assigned to a third party finance house stocking facility. The associated stocks are shown in note 11.

MORRISON'S GARAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>1,144,755</u>	<u>990,872</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,478,931)</u>	<u>(5,171,226)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors, amounts due from group undertakings and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, amounts owed to group undertakings, vehicle stocking loans, other creditors and accruals.

16. Deferred taxation

	31 December 2018 £	31 January 2017 £
At beginning of year	(9,641)	(282,023)
Related to profit or loss	41	1,912
Related to other comprehensive income	-	270,470
At end of year	<u>(9,600)</u>	<u>(9,641)</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Fixed asset timing differences	(9,884)	(9,641)
Other timing differences	284	-
	<u>(9,600)</u>	<u>(9,641)</u>

No deferred tax liability arises on the revaluation of fixed assets as a result of the impact of indexation on the original cost of the assets for tax purposes.

MORRISON'S GARAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

17. Share capital

	2018 £	2017 £
Authorised, allotted, called up and fully paid		
19,100 (2017 - 19,100) Ordinary shares of £1 each	<u>19,100</u>	<u>19,100</u>

18. Reserves

Non distributable reserve

This reserve is used to record increases in fair value of land and buildings.

Capital redemption reserve

The capital redemption reserve represents the nominal value of share repurchased by the Company.

Profit and loss account

The profit and loss reserve represents the accumulated profits and losses of the Company less distributions made to shareholders.

19. Contingent liabilities

The company has issued guarantees with certain other group undertakings in connection with bank facilities and stocking loan facilities recovered by the group. The total such balances covered by the guarantees at 31 December 2018 was £6,072,575 (2017: £7,653,110) and £57,360,314 (2017: £41,666,367) respectively.

20. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contribution payable by the Company to the fund and amounted to £18,240 (2017: £10,204). Contributions totalling £1,669 (2017: £811) were payable to the fund at the balance sheet date and are included in creditors.

21. Related party transactions

Under section 33.1A of FRS 102, the company has taken advantage of the exemption for disclosure of related party transactions between members of a group where subsidiaries are wholly owned.

The board of directors have considered key management personnel and have concluded this consists of directors only. Remuneration of directors disclosed at note 7 to the financial statements is therefore considered to be complete as regards to key management personnel.

In the year there was a disposal to John Clark's pension fund of freehold property for £1.8m, which included the company's former investment property.

MORRISON'S GARAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

22. Controlling party

The immediate parent company is John Clark (Holdings) Limited, a company incorporated in Great Britain and registered in Scotland and whose principal place of business is the same as the registered address of the Company. The directors consider that John H S Clark is the group's ultimate controlling party by virtue of his majority shareholding.

The largest group in which the results of the company are consolidated is that headed by John Clark (Holdings) Limited. The consolidated financial statements of John Clark (Holdings) Limited are available to the public and may be obtained from the Registrar of Companies, Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.