Registered number: SC034750

MORRISON'S GARAGE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 11 MONTH PERIOD ENDED 31 DECEMBER 2017

MORRISON'S GARAGE LIMITED

COMPANY INFORMATION

Directors	J H S Clark (appointed 24 November 2017) C J Clark (appointed 24 November 2017) A L Morrison 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 Statutory Auditor & Chartered Accountants 110 Queen Street Level 8 Glasgow G1 3BX

MORRISON'S GARAGE LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE 11 MONTH PERIOD ENDED 31 DECEMBER 2017

Introduction

The directors present their strategic report with the financial statements of the Company for the 11 month period ended 31 December 2017.

Overview of performance

The financial year-end was changed from January to December, following the November 2017 acquisition of the company by John Clark (Holdings) Limited.

This acquisition then saw the agreed cessation of the company's links with the until then supported Defined Benefits Pension Scheme. The previously recognised pension scheme surplus asset and the associated deferred tax provision are no longer carried within the company's accounts. 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 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 also acquired.

Turnover for the 11 months ended December 2017 grew to £10.7m *(Year to January 2017: £7.9m)*. The loss before tax was £8,357 *(Year to January 2017: Profit of £83,189)*.

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.

Post year-end events

The Jaguar franchise has been transferred to a fellow wholly owned motor trade subsidiary of our common parent company.

The Investment Property freehold has been sold, at a price which matched the valuation & book value.

Future prospects

The company continues to operate as in 2017 and to generate similar trading results in 2018.

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.

STRATEGIC REPORT (CONTINUED)
FOR THE 11 MONTH PERIOD ENDED 31 DECEMBER 2017

Principal risks and uncertainties

The Directors recognise the continued UK wide background of ongoing political uncertainty, which is leading to reduced consumer confidence, albeit that this is in part balanced by the benefits of oil industry recovery and increased house building activity in the North & East of Scotland. 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.

Liquidity risk

The group of which the company is now 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 now 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 25 September 2018 and signed on its behalf.

J H S Clark
Director

DIRECTORS' REPORT
FOR THE 11 MONTH PERIOD ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the 11 Month period ended 31 December 2017.

Principal activity

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

Results and dividends

The loss for the 11 Month period, after taxation, amounted to £7,391 *(Year ended 31 January 2017: Profit £ 65,027).*

No dividends will be distributed for the period ended 31 December 2017 *(Year ended 31 January 2017: £Nil).*

Future developments

The Company is constantly seeking to develop new opportunities to generate increased sales volume.

Directors

The directors who served during the 11 Month period were:

J H S Clark (appointed 24 November 2017)
C J Clark (appointed 24 November 2017)
A L Morrison
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.

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 25 September 2018 and signed on its behalf.

J H S Clark
Director

Grant Thornton

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 11 Month period ended 31 December 2017, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, 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 2017 and of its loss for the 11 Month period 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 United Kingdom, including the Financial Reporting Council'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.

Who we are reporting to

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.

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.

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 11 Month period 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.

Grant Thornton

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 4, 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.

Grant Thornton UK LLP

James Chadwick
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow

28 September 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE 11 MONTH PERIOD ENDED 31 DECEMBER 2017

	Note	11 Month period ended 31 December 2017 £	*Year ended 31 January 2017 £*
Turnover	4	**10,703,240**	*7,890,373*
Cost of sales		**(10,180,972)**	*(7,702,003)*
Gross profit		**522,268**	*188,370*
Administrative expenses		**(610,243)**	*(365,906)*
Other operating income		**125,000**	*153,600*
Operating profit/(loss)	5	**37,025**	*(23,936)*
Interest payable and expenses	8	**(45,382)**	*(5,875)*
Other finance income	9	**-**	*113,000*
(Loss)/profit before tax		**(8,357)**	*83,189*
Tax on (loss)/profit	10	**966**	*(18,162)*
(Loss)/profit for the financial period		**(7,391)**	*65,027*
Other comprehensive income for the period			
Remeasurement losses recognised on defined benefit pension scheme		**(1,591,000)**	*(23,000)*
Movement of deferred tax relating to pension asset		**270,470**	*20,690*
		(1,320,530)	*(2,310)*
Total comprehensive income for the period		**(1,327,921)**	*62,717*

There were no recognised gains and losses for the period other than those included in the Statement of Comprehensive Income.

The notes on pages 13 to 30 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note		31 December 2017 £		*31 January 2017 £*
Fixed assets					
Tangible assets	11		**3,098,781**		*2,324,657*
			3,098,781		*2,324,657*
Current assets					
Stocks	12	**3,848,085**		*2,429,922*	
Debtors: amounts falling due within one year	13	**235,694**		*583,592*	
Cash at bank and in hand	14	**755,178**		*2,335*	
		4,838,957		*3,015,849*	
Creditors: amounts falling due within one year	15	**(5,245,014)**		*(3,256,638)*	
Net current liabilities			**(406,057)**		*(240,789)*
Total assets less current liabilities			**2,692,724**		*2,083,868*
Creditors: amounts falling due after more than one year	16		**-**		*(131,006)*
Provisions for liabilities					
Deferred tax	19	**(9,641)**		*(282,023)*	
Net assets excluding pension asset			**2,683,083**		*1,670,839*
Pension asset			**-**		*1,591,000*
Net assets			**2,683,083**		*3,261,839*

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2017

	Note	31 December 2017 £	*31 January 2017 £*
Capital and reserves			
Called up share capital	20	**19,100**	*19,100*
Capital redemption reserve	21	**537,911**	*537,911*
Non distributable reserve	21	**1,421,717**	*672,552*
Profit and loss account	21	**704,355**	*2,032,276*
		2,683,083	*3,261,839*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2018.

J H S Clark
Director

The notes and accounting policies on pages 13 to 30 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE 11 MONTH PERIOD ENDED 31 DECEMBER 2017

	Called up share capital	Capital redemption reserve	Non distributable reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 February 2017	**19,100**	**537,911**	**672,552**	**2,032,276**	**3,261,839**
Comprehensive income for the 11 Month period					
Loss for the 11 Month period	-	-	-	**(7,391)**	**(7,391)**
Deferred tax movements	-	-	-	**270,470**	**270,470**
Pension assets adjustment	-	-	-	**(1,591,000)**	**(1,591,000)**
Surplus on revaluation	-	-	**749,165**	-	**749,165**
At 31 December 2017	**19,100**	**537,911**	**1,421,717**	**704,355**	**2,683,083**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2017

	Called up share capital	Capital redemption reserve	Non distributable reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 February 2016	**19,100**	**537,911**	**674,437**	**1,967,674**	**3,199,122**
Comprehensive income for the year					
Profit for the year	-	-	-	**65,027**	**65,027**
Other comprehensive income	-	-	-	**(2,310)**	**(2,310)**
Transfer to/from non distributable reserve	-	-	-	**1,885**	**1,885**
Transfer to/from non distributable reserve	-	-	**(1,885)**	-	**(1,885)**
At 31 January 2017	**19,100**	**537,911**	**672,552**	**2,032,276**	**3,261,839**

The notes on pages 13 to 30 form part of these financial statements.

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 Financial reporting standard 102 - reduced disclosure framework

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland)":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17d

This information is contained in the consolidated financial statements of John Clark (Holdings) Limited as at 31 December 2017 and these financial statements may be obtained from Companies House.

2.3 Going concern

The Company has net current liabilities of £406,057 at 31 December 2017. 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.

2. Accounting policies (continued)

2.4 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.

2.5 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:

Freehold property	-	1%
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. Accounting policies (continued)

2.6 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.

2.7 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.

2.8 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.

2.9 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.

2.10 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

2. Accounting policies (continued)

2.10 Financial instruments (continued)

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.

2.11 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.

2.12 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.

2.13 Current and deferred taxation

The tax expense for the 11 Month period 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. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. Accounting policies (continued)

2.14 Pensions

Defined contribution pension plan

The Company operate 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.

Defined benefit pension plan

The Company operated a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the statement of comprehensive income as 'finance expense'.

2. Accounting policies (continued)

2.15 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the 11 Month period in which they are incurred.

2.16 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.

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 is as follows:

	11 Month period ended 31 December 2017	*Year ended 31 January 2017*
	£	*£*
Sale of goods and services	**10,703,240**	*7,890,373*

All turnover arose within the United Kingdom.

5. Operating profit/(loss)

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

	11 Month period ended 31 December 2017 £	*Year ended 31 January 2017 £*
Depreciation of tangible fixed assets	**21,244**	*29,481*
Demonstrator and courtesy vehicle write down	**36,667**	*40,000*
Net rents receivable	**125,000**	*153,600*

6. Auditor's remuneration

	11 Month period ended 31 December 2017 £	*Year ended 31 January 2017 £*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**5,000**	*6,740*

Fees payable to the Company's auditor and its associates in respect of:

Non audit services	**-**	*2,060*

7. Employees

Staff costs were as follows:

	11 Month period ended 31 December 2017 £	*Year ended 31 January 2017 £*
Wages and salaries	**1,043,343**	*822,682*
Social security costs	**136,776**	*63,648*
Cost of defined benefit scheme	**-**	*81,000*
Cost of defined contribution scheme	**10,204**	*5,352*
	1,190,323	*972,682*

During the period, no director received any emoluments *(year ended 31 January 2017: Nil)*.

The average monthly number of employees, including the directors, during the 11 Month period was as follows:

	11 Month period ended 31 December 2017 No.	*Year ended 31 January 2017 No.*
Management and administration	**11**	*17*
Sales	**6**	*7*
Other	**29**	*33*
	46	*57*

8. Interest payable and similar charges

	11 Month period ended 31 December 2017 £	*Year ended 31 January 2017 £*
Bank interest payable	**-**	*1,487*
Other loan interest payable	**45,382**	*4,388*
	45,382	*5,875*

9. Other finance income

	11 Month period ended 31 December 2017	*Year ended 31 January 2017*
	£	*£*
Net interest on net defined benefit asset	-	*113,000*

10. Taxation

	11 Month period ended 31 December 2017	*Year ended 31 January 2017*
	£	*£*
Corporation tax		
Current tax on profit for the year	**946**	*13,385*
Total current tax	**946**	*13,385*
Deferred tax		
Origination and reversal of timing differences	**(2,184)**	*(1,623)*
Adjustments in respect of prior periods	**272**	*-*
Taxation on pension scheme	-	*6,400*
Total deferred tax	**(1,912)**	*4,777*
Taxation on (loss)/profit on ordinary activities	**(966)**	*18,162*

10. Taxation (continued)

Factors affecting tax charge for the 11 month period/year

The tax assessed for the 11 Month period/year is higher than *(2017: higher than)* the standard rate of corporation tax in the UK of 19.18% *(2017: 20%)*. The differences are explained below:

	11 Month period ended 31 December 2017 £	*Year ended 31 January 2017 £*
(Loss)/Profit on ordinary activities before tax	**(8,357)**	*83,189*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.18% (2017: 20%)	**(1,603)**	*16,638*
Effects of:		
Expenses not deductible for tax purposes	**84**	*-*
Adjustments to tax charge in respect of prior periods - deferred tax	**272**	*-*
Adjust closing deferred tax to average rate of 19.18%	**-**	*2,200*
Rate changes	**281**	*(676)*
Total tax charge for the 11 Month period/year	**(966)**	*18,162*

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.

11. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 February 2017	**2,473,225**	**95,927**	**142,848**	**2,712,000**
Additions	**526,775**	**7,752**	**38,444**	**572,971**
At 31 December 2017	**3,000,000**	**103,679**	**181,292**	**3,284,971**
Depreciation				
At 1 February 2017	**222,397**	**69,341**	**95,605**	**387,343**
Charge for the 11 Month period on owned assets	**-**	**5,629**	**15,615**	**21,244**
On revalued assets	**(222,397)**	**-**	**-**	**(222,397)**
At 31 December 2017	**-**	**74,970**	**111,220**	**186,190**
Net book value				
At 31 December 2017	**3,000,000**	**28,709**	**70,072**	**3,098,781**
At 31 January 2017	*2,250,828*	*26,586*	*47,243*	*2,324,657*

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, both on an open market basis. The latter valuation has been adopted as deemed cost on adoption of FRS 102.

Basis of investment property valuation

The directors have updated the investment property valuation based on recent relevant transactions and accordingly are of the view that the current value represents fair market value at the balance sheet date having regard to current market conditions.

11. Tangible fixed assets (continued)

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

	31 December 2017 £	*31 January 2017 £*
Cost	**1,875,523**	*1,875,523*
Accumulated depreciation	**(297,247)**	*(297,247)*
Net book value	**1,578,276**	*1,578,276*

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

	31 December 2017 £	*31 January 2017 £*
Investment properties at fair value	**1,200,000**	*1,200,000*
Other properties at FRS 102 deemed cost	**1,800,000**	*1,050,828*
Net book value	**3,000,000**	*2,250,828*

12. Stocks

	31 December 2017 £	*31 January 2017 £*
Goods for resale - Vehicles and parts	**1,318,404**	*2,429,922*
Manufacturer wholesale	**2,529,681**	-
	3,848,085	*2,429,922*

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 matching VAT inclusive creditors are shown in note 15.

13. Debtors

	31 December 2017 £	*31 January 2017 £*
Trade debtors	**155,349**	*163,573*
Amounts owed by group undertakings	**-**	*84,285*
Other debtors	**80,345**	*335,734*
	235,694	*583,592*

14. Cash and cash equivalents

	31 December 2017 £	*31 January 2017 £*
Cash at bank and in hand	**755,178**	*2,335*
Less: bank overdrafts	**-**	*(415,654)*
	755,178	*(413,319)*

15. Creditors: Amounts falling due within one year

	31 December 2017 £	*31 January 2017 £*
Bank overdrafts	**-**	*415,654*
Bank loans	**-**	*20,568*
Trade creditors	**755,541**	*2,703,976*
Amounts owed to group undertakings	**274,177**	*-*
Corporation tax	**946**	*13,387*
Taxation and social security	**72,842**	*41,806*
Vehicle stocking loans	**826,233**	*-*
Manufacturer Wholesale loans	**3,220,038**	*-*
Other creditors and accruals	**95,237**	*61,247*
	5,245,014	*3,256,638*

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 matching stocks are shown in note 12.

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

	31 December 2017 £	*31 January 2017 £*
Bank loans	-	*131,006*

Secured loans

Standard securities were held over the properties at Whins of Milton, Stirling. There was also a floating charge held over assets and undertakings of the Company. These were fulfilled when the bank loans were repaid in the period.

Cross guarantees were in place between Morrison's Garage Limited and Morrison's (Land Rover) Limited.

17. Loans

Analysis of the maturity of loans is given below:

	31 December 2017 £	*31 January 2017 £*
Amounts falling due within one year		
Bank loans	-	*20,568*
Amounts falling due 1-2 years		
Bank loans	-	*21,193*
Amounts falling due 2-5 years		
Bank loans	-	*67,526*
Amounts falling due after more than 5 years		
Bank loans	-	*42,287*

The loan was a variable rate facility and interest was charged at 2.0% above GB LIBOR for the full term of the loan. The loan commenced on 5 October 2011, and the full remaining balance was repaid during the period.

18. Financial instruments

	31 December 2017 £	*31 January 2017 £*
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**990,872**	*585,927*
Financial liabilities		
Financial liabilities measured at amortised cost	**(5,171,226)**	*(3,332,451)*

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and amounts due from related party.

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

19. Deferred taxation

	31 December 2017 £	*31 January 2017 £*
At beginning of period	**(282,023)**	*(282,023)*
Released to profit or loss	**1,912**	-
Released to other comprehensive income	**270,470**	-
At end of period	**(9,641)**	*(282,023)*

The provision for deferred taxation is made up as follows:

	31 December 2017 £	*31 January 2017 £*
Accelerated capital allowances	**(9,641)**	*(11,553)*
On pension scheme asset	-	*(270,470)*
	(9,641)	*(282,023)*

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.

20. Share capital

	31 December 2017 £	*31 January 2017 £*
Authorised, allotted, called up and fully paid		
19,100 Ordinary shares shares of £1 each	**19,100**	*19,100*

21. 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.

22. Contingent liabilities

The company has issued guarantees with certain other group undertakings in connection with bank facilities and stocking loan facilities received by the group. The total of such balances covered by the guarantees at 31 December 2017 was £7,653,110 (2016: Nil) and £41,666,367 (2016: Nil) respectively.

23. Pension commitments

The Company operates a defined contributions 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 contributions payable by the Company to the fund and amounted to £10,204 *(Year ended 31 January 2017: £5,352)*. Contributions totalling £811 *(Year ended 31 January 2017: £425)* were payable to the fund at the balance sheet date and are included in creditors.

The Company operated a defined benefit pension scheme. The scheme assets were held in separately administered funds. The valuation used was based on the most recent actuarial valuation at 30 December 2014 and was updated by an independent actuary to take account of the requirements of FRS 102. As part of the acquisition by John Clark (Holdings) Limited in the period, the pension scheme was transferred to a new company controlled by the previous shareholders. All liabilities were extinguished as part of this transaction, and there is no potential liability to the company.

	31 December 2017 £	*31 January 2017 £*
Fair value of plan assets	-	*16,236,000*
Present value of plan liabilities	-	*(14,645,000)*
Net pension scheme asset	-	*1,591,000*

The net pension scheme asset was deemed recoverable based on the contribution holiday that was available to the Company.

The amounts recognised in the Statement of Comprehensive Income were as follows:

	31 December 2017 £	*31 January 2017 £*
Interest on obligation	-	*113,000*
Current service cost	-	*(81,000)*
Recognised in arriving at profit before tax	-	*32,000*
Taken to other comprehensive income:		
Return on scheme assets less interest income	-	*1,151,000*
Actuarial losses	-	*(1,505,000)*
Movement in unrecognised surplus	-	*331,000*
Separation upon change of ownership	**(1,591,000)**	-
Total remeasurement loss on defined benefit pension scheme	**(1,591,000)**	*(23,000)*

24. Post balance sheet events

The Jaguar franchise has been transferred to a fellow wholly owned motor trade subsidiary of our common parent company.

The Investment Property freehold has been sold, at a price which matched the valuation & book value.

25. 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.

26. Controlling party

The Company was under the control of the previous directors until the completion of the transaction. After this date, 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.