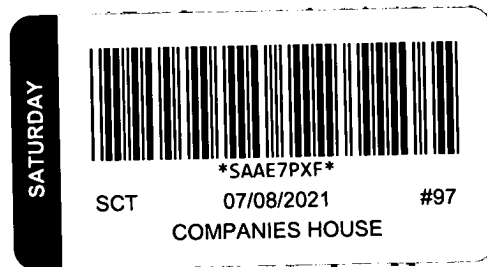


Registered number: SC034750

MORRISON'S GARAGE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



MORRISON'S GARAGE LIMITED

CORPORATE INFORMATION

Directors	J H S Clark C J Clark
Company secretary	A McIntosh
Registration number	SC034750
Registered office	Alliance Centre Greenwell Road East Tullos Industrial Estate Aberdeen AB12 3AX United Kingdom
Auditors	Ernst & Young LLP G1, 5 George Square Glasgow G2 1DY

MORRISON'S GARAGE LIMITED

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MORRISON'S GARAGE LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Overview of performance

The company continued to operate the Seat franchise in Stirling, until this was terminated by mutual consent in October 2020.

2020 saw unprecedented challenges associated with Brexit and then the Coronavirus pandemic. These initially led to reduced consumer confidence and commitment to spend. As a result of this, our turnover and operating margins came under pressure, especially in the second quarter when a UK wide business lockdown saw our showrooms closed.

Turnover was £5.2m (2019 - £11.7m). The loss before tax was £(0.08)m (2019 – Profit £0.3m).

The Company maintained a positive net current assets working capital position.

The Coronavirus pandemic

As a priority, throughout the pandemic we have sought to support our colleagues, customers and community. Prompt investment in PPE materials and social distancing measures allowed our workshops to remain open to best assist the efforts of our emergency services, NHS and key worker customers. As a group, we supported both colleague and corporate efforts to assist local charities and health authorities, including the free of charge provision of PPE materials as well as the use of delivery vans and cars. Financial support for our colleagues via the UK Government Coronavirus Job Retention Scheme was sought and gained.

The Company sought and gained local council commercial property rates relief for our showrooms, as well as HMRC support for the deferral to 2021 of payment of one accounting quarter's VAT return. All employee payroll related taxation was remitted in full to HMRC when due.

As a group, we remained financially liquid throughout the lockdown period and then saw strong trading positives from subsequent months where our new vehicle sales, used vehicle sales and aftersales operations all saw growth rates which were well above the UK market averages.

Post year-end events

There have been no significant events affecting the company since the year end.

Streamlined Energy and Carbon reporting (SECR)

The company has taken advantage of the exemption from making individual reports in subsidiary companies by reviewing the SECR regulations at group level and as such further disclosures can be found in the statutory accounts of John Clark (Holdings) Limited.

MORRISON'S GARAGE LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Future prospects

We now operate as a property management business, where a retained freehold is let via commercial terms lease to a fellow wholly owned motor trade subsidiary of our common parent company.

Corporate Governance, S172 of the Companies Act 2006, Opportunity and Risk

The Company is governed by its corporate officers, who are also members of the Operations Board of the immediate parent company, John Clark (Holdings) Limited. The accounts of this Company reflect due disclosure on Corporate Governance and Companies Act S172, plus Opportunity and Risk.

The corporate officers of Morrisons Garage Limited have considered these disclosures and confirmed them as accurate as regards their own approach, views and actions on these matters.

This report was approved by the board on 16 July 2021 and Signed on its behalf.



C J Clark
Director

MORRISON'S GARAGE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Directors present their report and the financial statements for the year ended 31 December 2020.

Principal activity

The principal activity of the Company in the year under review was that of a motor dealership. However, the latter months of the year saw this change to property rental.

Results and dividends

The loss for the year, after taxation, amounted to £(72,330) (2019 Profit: £250,213).

No dividends will be distributed for the year ended 31 December 2020 (2019: £Nil)

A further review of the business and its principal risks is included in the Strategic Report.

Directors

The Directors who served during the year were:

J H S Clark

C J Clark

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.

MORRISON'S GARAGE LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Directors' responsibilities statement (Continued)

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.

Going concern

The Company's business activities are described in the Strategic Report. The factors likely to affect its financial position and its exposure to credit, liquidity and interest rate risk across the going concern period up to 31 July 2022 are described in the Strategic Report of John Clark (Holdings) Limited, the ultimate parent company.

As part of the John Clark (Holdings) group ('the Group'), the company has access to financial resources as required. The Group has confirmed that it will ensure that sufficient funds are available so that the company can continue to meet its obligations for the going concern period to 31 July 2022. Based on this undertaking the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

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, Ernst and Young LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 16 July 2021 and signed on its behalf.



C J Clark
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORRISONS GARAGE LTD

Opinion

We have audited the financial statements of Morrisons Garage Limited ('the Company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes 1 to 23 to the financial statements, including the 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 FRS 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 company affairs as at 31 December 2020 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 below. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORRISONS GARAGE LTD (CONTINUED)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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, we report that:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic and Directors' Reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 Directors' Report.

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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORRISONS GARAGE LTD (CONTINUED)

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

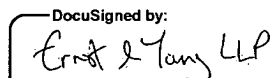
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and Companies Act 2006) and the relevant tax compliance regulations.
- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance. We corroborated our enquires through reading the board minutes, and we noted that there was no contradictory evidence.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of stakeholders. Where this risk was considered higher, we performed audit procedures to address the fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved reading board minutes to identify any non-compliance with laws and regulations; enquiries of management and journal testing, as outlined above.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORRISONS GARAGE LTD (CONTINUED)

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.

DocuSigned by:

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Paul Copland (Senior Statutory Auditor)

for and on behalf of

Ernst & Young LLP

Chartered Accountants and Statutory Auditors

Date: 20 July 2021

MORRISON'S GARAGE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Continuing Operations 2020	Discontinued Operations 2020	Total 2020 £	2019 £
Turnover	4	-	5,212,003	5,212,003	11,726,657
Cost of sales		-	(5,010,489)	(5,010,489)	(10,986,836)
Gross profit		-	201,514	201,514	739,821
Administrative expenses		51,600	(287,076)	(235,476)	(394,269)
Operating (Loss)/Profit	5	51,600	(85,562)	(33,962)	345,552
Interest payable	8	-	(43,467)	(43,467)	(54,548)
(Loss)/Profit before tax		51,600	(129,029)	(77,429)	291,004
Tax on (loss)/profit	9			5,099	(40,791)
(Loss)/Profit for the financial year				(72,330)	250,213

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

The notes on pages 12 to 21 form part of these financial statements.

MORRISON'S GARAGE LIMITED
REGISTERED NUMBER: SC034750

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Fixed assets			
Tangible assets	10	900,000	1,026,422
Current assets			
Stocks	11	8,318	967,013
Debtors: amounts falling due within one year	12	2,035,255	2,334,207
Cash at bank and in hand	13	-	2,595
		2,043,573	3,303,815
Creditors: amounts falling due within one year	14	(66,771)	(1,370,432)
Net current assets		1,976,802	1,933,383
Total assets less current liabilities		2,876,802	2,959,805
Provisions for liabilities			
Deferred tax	16	(69,843)	(80,516)
Net assets		2,806,959	2,879,289
Capital and reserves			
Called up share capital	17	19,100	19,100
Capital redemption reserve	18	537,911	537,911
Revaluation reserve	18	-	749,165
Profit and loss account	18	2,249,948	1,573,113
Total equity		2,806,959	2,879,289

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 July 2021



C J Clark
 Director

The notes and accounting policies on pages 12 to 21 form part of these financial statements.

MORRISON'S GARAGE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	19,100	537,911	749,165	1,573,113	2,879,289
Loss for the year	-	-	-	(72,330)	(72,330)
Reclassification	-	-	(749,165)	749,165	-
At 31 December 2020	<u>19,100</u>	<u>537,911</u>	<u>-</u>	<u>2,249,948</u>	<u>2,806,959</u>

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2019	19,100	537,911	749,165	1,322,900	2,629,076
Profit for the year	-	-	-	250,213	250,213
At 31 December 2019	<u>19,100</u>	<u>537,911</u>	<u>749,165</u>	<u>1,573,113</u>	<u>2,879,289</u>

MORRISON'S GARAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1 General information

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

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 Section 1A of 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).

The Company's business activities are described in the Strategic Report. The factors likely to affect its financial position and its exposure to credit, liquidity and interest rate risk across the going concern period up to 31 July 2022 are described in the Strategic Report of John Clark (Holdings) Limited, the ultimate parent company.

As part of the John Clark (Holdings) group ('the Group'), the company has access to financial resources as required. The Group has confirmed that it will ensure that sufficient funds are available so that the company can continue to meet its obligations for the going concern period to 31 July 2022. Based on this undertaking the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

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

2.2 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.

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 vehicle 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 2020**

2 Accounting policies (Continued)**2.3 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 the Statement of Comprehensive Income 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%

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.

2.4 Investment property

Investment property is carried at fair value determined annually by management and external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

2.5 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 the Statement of Comprehensive Income.

2.6 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.

MORRISON'S GARAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2 Accounting policies (Continued)**2.7 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.

2.8 Financial instruments

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

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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.9 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.

2.10 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 2020**

2 Accounting policies (Continued)**2.11 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.

2.12 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.

2.13 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.

2.14 Coronavirus Job Retention Scheme (CJRS)

Receipts claimed under the CJRS scheme for employees placed on furlough are recognised in the same period that the underlying furloughed staff costs relate to. The company settled in full the payroll liability and therefore met the conditions to claim and net the CJRS receipts against the staff costs.

MORRISON'S GARAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 industry renowned external valuations, when considering the requirement and quantum of provisions on vehicle stocks.

4 Turnover

Analysis of turnover by class of business:	2020	2019
	£	£
Sale of goods and provision of services	<u>5,212,003</u>	<u>11,726,657</u>

All turnover arose within the United Kingdom.

5 Operating (loss)/profit

The operating loss is stated after charging/(crediting):	2020	2019
	£	£
Depreciation of fixed assets	17,584	28,707
Demonstrator and courtesy vehicle depreciation	18,150	56,344
Gain on disposal of fixed assets	-	(399,720)
Net rents receivable	<u>(51,600)</u>	<u>(51,600)</u>

6 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and its associates for the audit of the Company's annual financial statements	<u>7,500</u>	<u>7,500</u>

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.

7 Employees

Staff costs were as follows:

	2020	2019
	£	£
Wages and salaries	501,977	863,637
Social security costs	44,154	74,939
Cost of defined contribution scheme	<u>12,399</u>	<u>20,647</u>
	558,530	959,223
Less: CJRS Furlough receipts	<u>(149,279)</u>	<u>-</u>
	<u>409,251</u>	<u>959,223</u>

The company claimed furlough support from the Coronavirus Job Retention Scheme during the year, which was fully passed on to the employees for which it was claimed, as per the requirements of the scheme.

	2020	2019
	£	£
Directors' emoluments	<u>-</u>	<u>-</u>

No remuneration is paid by the Company to its directors (2019: £nil). All Directors are remunerated by other group companies and it is not possible to accurately apportion the remuneration received in respect of qualifying services to the Company.

MORRISON'S GARAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**7 Employees (Continued)**

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

	2020	2019
	No.	No.
Management	2	3
Administration	1	2
Sales	4	7
Other	13	25
	<u>20</u>	<u>37</u>

8 Interest payable

	2020	2019
	£	£
Bank and loan interest payable	9,990	11,334
Stocking loan interest	32,473	42,029
Other interest payable	1,004	1,185
	<u>43,467</u>	<u>54,548</u>

9 Taxation

	2020	2019
	£	£
Corporation tax		
Current tax credit on profits for the year	(5,736)	(30,097)
Adjustments in respect of previous periods	1,104	(28)
	<u>(4,632)</u>	<u>(30,125)</u>
Total current tax credit	<u>(4,632)</u>	<u>(30,125)</u>
Deferred tax		
Origination and reversal of timing differences	(8,738)	79,232
Adjustments in respect of prior periods	-	25
Adjustments in respect of changes to tax rates	8,271	(8,341)
Total deferred tax	<u>(467)</u>	<u>70,916</u>
Taxation on (loss)/profit on ordinary activities	<u>(5,099)</u>	<u>40,791</u>

MORRISON'S GARAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9 Taxation (Continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
(Loss)/Profit on ordinary activities before tax	<u>(77,429)</u>	<u>291,004</u>
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%):	(14,711)	55,291
Effects of:		
Expenses not deductible for tax purposes	238	-
Fixed asset timing differences	-	(6,155)
Adjustments to tax charge in respect of prior periods	1,104	(4)
Adjustments in respect of changes to tax rates	8,270	(8,341)
Total tax (credit)/charge for the year	<u>(5,099)</u>	<u>40,791</u>

Factors that may affect future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020. However, legislation was introduced in the Finance Act 2020 (enacted on 22 July 2020) which repealed the reduction thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019: 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25% which is due to be effective from 1 April 2023. These changes were not substantially enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the year end.

If the company's deferred tax balances at the year end were remeasured at 25% this would result in a deferred tax charge of £22,056.

10 Tangible fixed assets

	Investment Property £	Freehold property £	Plant and Equipment £	Total £
Cost or valuation				
At 1 January 2020	-	900,000	253,024	1,153,024
Additions	-	-	1,380	1,380
Disposals	-	-	(254,404)	(254,404)
Reclassification	900,000	(900,000)	-	-
At 31 December 2020	<u>900,000</u>	<u>-</u>	<u>-</u>	<u>900,000</u>
Depreciation				
At 1 January 2020	-	-	126,602	126,602
Charge for the year on owned assets	-	-	17,584	17,584
Disposals	-	-	(144,186)	(144,186)
At 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value				
At 31 December 2020	<u>900,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2019	<u>-</u>	<u>900,000</u>	<u>126,422</u>	<u>1,026,422</u>

MORRISON'S GARAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**10 Tangible fixed assets (Continued)**

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.

The net historical cost of property carried at valuation, are as follows:

	2020	2019
	£	£
Cost	1,273,225	1,273,225
Accumulated depreciation	(222,397)	(222,397)
	<u>1,050,828</u>	<u>1,050,828</u>

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

	2020	2019
	£	£
Investment properties at fair value	900,000	-
Owned properties at FRS 102 deemed cost	-	900,000
Net book value	<u>900,000</u>	<u>900,000</u>

11 Stocks

	2020	2019
	£	£
Goods for resale - Vehicles	-	857,875
Goods for resale - Parts, oils & fuel	8,318	109,138
	<u>8,318</u>	<u>967,013</u>

12 Debtors

	2020	2019
	£	£
Trade debtors	31,696	184,412
Amounts owed by group undertakings	2,000,675	778,722
Other debtors	2,884	1,371,073
	<u>2,035,255</u>	<u>2,334,207</u>

13 Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	-	2,595

14 Creditors: Amounts falling due within one year

	2020	2019
	£	£
Bank overdraft	28,982	158,291
Trade creditors	3,432	288,883
Other taxation and social	3,101	30,647
Vehicle stocking loans	-	804,677
Other creditors and accruals	31,256	87,934
	<u>66,771</u>	<u>1,370,432</u>

MORRISON'S GARAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

15 Financial instruments	2020	2019
	£	£
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>2,035,255</u>	<u>2,336,802</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(63,670)</u>	<u>(1,339,785)</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade and other debtors and amounts owed to 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	2020	2019
	£	£
At beginning of year	80,516	9,600
Related to profit or loss	(467)	70,916
Movement arising from transfer of trade	<u>(10,206)</u>	<u>-</u>
At end of year	<u>69,843</u>	<u>80,516</u>

The provision for deferred taxation is made up as follows:

	2020	2019
	£	£
Fixed asset timing differences	-	18,336
Other timing differences	-	(312)
Rolled over gains	<u>69,843</u>	<u>62,492</u>
	<u>69,843</u>	<u>80,516</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.

17 Share capital	2020	2019
	£	£
Authorised, allotted, called up and fully paid		
19,100 (2019: 19,100) Ordinary shares of £1 each	<u>19,100</u>	<u>19,100</u>

MORRISON'S GARAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18 Reserves**Capital redemption reserve**

The capital redemption reserve represents the nominal value of share repurchased by the company. Non distributable

Revaluation reserve

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

Profit and loss account

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

19 Guarantees

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 2020 was £nil (2019: £1,518,847) and £56,348,771 (2019: £69,179,309) 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 £12,399 (2019: £20,647). Contributions totalling £nil (2019: £1,834) 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.

22 Controlling party

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

The largest group in which the results of the Company are consolidated is that headed by John Clark (Holdings) Limited. The consolidated accounts 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.

23 Post year end events

There have been no significant events affecting the company since the year end.