

**BRIDGEND GARAGE LIMITED**  
**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

Martin Aitken & Co Ltd  
Statutory Auditor  
Chartered Accountants  
Caledonia House  
89 Seaward Street  
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G41 1HJ

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FOR THE YEAR ENDED 31 MARCH 2020**

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

The directors present their strategic report for the year ended 31 March 2020.  
The results for the year and financial position of the company are as shown in the annexed financial statements.

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face.

**Review of business**

Our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole. They are turnover, gross margin, operating profit and net assets.

Vehicle sales and associated turnover has increased slightly to £30.9m (2019: £30.8m) this year along with an increase in gross profit margin from 16.3% to 16.5%. Net assets at 31 March 2020 have risen to £10.4 million from £9.84 million.

We used the drop in business levels immediately after the year end due to the pandemic and national lockdown to embark on a programme of refurbishment throughout our mechanical workshops, upgrading of equipment and improvement of our facilities.

We also heavily invested in new custom built indoor photobooths at every branch to facilitate the increase in 'online' business to enhance photo & video to showcase our car & commercial stock.

We used the downturn to invest in the future of the business that would have been, practically, very difficult in normal circumstances.

**Principal risk and uncertainty**

The principal risks and uncertainties facing the company are competition from other suppliers - we feel that the service provided and scale of our operations mitigates this risk - and the wider economic issues relating to the Covid-19 pandemic and Brexit that continue to cause uncertainty in the consumer marketplace.

The company's resilience was clearly tested during the each of the national lockdowns and it is clear that our inherent strength allowed Bridgend Garage to perform to an acceptable level in extreme market conditions.

We are however, continually reinvesting to strengthen the company and have sufficient resources to cope with any normal fluctuations in activity.

**Future developments**

Margins and staff costs are controlled by careful planning and budgeting and continuing ongoing review, to ensure efficiency. Our overheads are held to a minimum to maximise the value offering to our customers and to maintain a strong customer base. The directors will continue to monitor costs and performance, seeking further efficiency gains wherever possible. As methods of viewing and buying cars may have changed during the last 12 months we are content that our methods of promotion and delivery of service continue to be at the forefront of the market.

**Financial instruments**

The company has a normal level of exposure to price, credit, liquidity and cash flow risks arising from funding activities which are conducted in sterling.

**ON BEHALF OF THE BOARD:**

A D McLaughlan - Director

26 March 2021

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of car sales and after sales services.

**DIVIDENDS**

The total distribution of dividends for the year ended 31 March 2020 will be £ 96,586 .

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

A A P McLaughlan  
D S McLaughlan  
A D McLaughlan

**DISCLOSURE IN THE STRATEGIC REPORT**

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the director's report. It has done so in respect of financial instruments.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors, the Strategic Report and the financial statements in accordance with applicable laws 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). 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 the affairs of the company and of the profit and 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 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.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2020**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**

A D McLaughlan - Director

26 March 2021

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BRIDGEND GARAGE LIMITED**

### **Opinion**

We have audited the financial statements of Bridgend Garage Limited (the 'company') for the year ended 31 March 2020 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BRIDGEND GARAGE LIMITED**

### **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 Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page two, 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 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.

### **Auditors' 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 a Report of the Auditors 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

### **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 a Report of the Auditors 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.

Ewen F Dyer (Senior Statutory Auditor)  
for and on behalf of Martin Aitken & Co Ltd  
Statutory Auditor  
Chartered Accountants  
Caledonia House  
89 Seaward Street  
Glasgow  
G41 1HJ

26 March 2021

**BRIDGEND GARAGE LIMITED (REGISTERED NUMBER: SC098499)**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
<b>TURNOVER</b>		<b>30,977,599</b>	30,820,700
Cost of sales		<u>(25,853,725)</u>	<u>(25,811,782)</u>
<b>GROSS PROFIT</b>		<b>5,123,874</b>	5,008,918
Administrative expenses		<u>(5,939,068)</u>	<u>(5,426,192)</u>
		<b>(815,194)</b>	(417,274)
Other operating income	3	<u>1,632,941</u>	<u>1,526,665</u>
<b>OPERATING PROFIT</b>	5	<b>817,747</b>	1,109,391
Interest receivable and similar income		<u>119,230</u>	<u>105,726</u>
		<b>936,977</b>	1,215,117
Interest payable and similar expenses	6	<u>(65,856)</u>	<u>(48,218)</u>
<b>PROFIT BEFORE TAXATION</b>		<b>871,121</b>	1,166,899
Tax on profit	7	<u>(175,253)</u>	<u>(233,104)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>695,868</u></b>	<b><u>933,795</u></b>

The notes form part of these financial statements



**BRIDGEND GARAGE LIMITED (REGISTERED NUMBER: SC098499)**

**OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
<b>PROFIT FOR THE YEAR</b>		<b>695,868</b>	933,795
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>695,868</b></u>	<u>933,795</u>

The notes form part of these financial statements

**BRIDGEND GARAGE LIMITED (REGISTERED NUMBER: SC098499)****BALANCE SHEET  
31 MARCH 2020**

	Notes	2020 £	£	2019 £	£
<b>FIXED ASSETS</b>					
Intangible assets	9		(363,668)		(376,066)
Tangible assets	10		3,812,834		3,034,708
Investment property	11		<u>232,250</u>		<u>297,250</u>
			<b>3,681,416</b>		<b>2,955,892</b>
<b>CURRENT ASSETS</b>					
Stocks	12	9,027,389		9,495,426	
Debtors	13	1,429,303		1,600,122	
Cash at bank and in hand		<u>1,207,018</u>		<u>225,538</u>	
		<b>11,663,710</b>		<b>11,321,086</b>	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>4,719,430</u>		<u>4,406,534</u>	
<b>NET CURRENT ASSETS</b>			<b>6,944,280</b>		<b>6,914,552</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>10,625,696</b>		<b>9,870,444</b>
<b>PROVISIONS FOR LIABILITIES</b>	17		<u>187,356</u>		<u>31,386</u>
<b>NET ASSETS</b>			<b>10,438,340</b>		<b>9,839,058</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		160,011		160,011
Revaluation reserve	19		150,000		150,000
Profit and loss account	19		<u>10,128,329</u>		<u>9,529,047</u>
<b>SHAREHOLDERS' FUNDS</b>			<b>10,438,340</b>		<b>9,839,058</b>

The financial statements were approved by the Board of Directors and authorised for issue on 26 March 2021 and were signed on its behalf by:

A D McLaughlan - Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020**

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Revaluation reserve £</b>	<b>Total equity £</b>
<b>Balance at 1 April 2018</b>	160,011	8,611,252	150,000	8,921,263
<b>Changes in equity</b>				
Dividends	-	(16,000)	-	(16,000)
Total comprehensive income	-	933,795	-	933,795
<b>Balance at 31 March 2019</b>	<u>160,011</u>	<u>9,529,047</u>	<u>150,000</u>	<u>9,839,058</u>
<b>Changes in equity</b>				
Dividends	-	(96,586)	-	(96,586)
Total comprehensive income	-	695,868	-	695,868
<b>Balance at 31 March 2020</b>	<u>160,011</u>	<u>10,128,329</u>	<u>150,000</u>	<u>10,438,340</u>

The notes form part of these financial statements

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	2,785,347	(361,287)
Interest paid		(65,856)	(48,218)
Tax paid		(246,923)	(292,401)
Net cash from operating activities		<u>2,472,568</u>	<u>(701,906)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(886,126)	(486,309)
Sale of investment property		71,611	-
Interest received		119,230	105,726
Net cash from investing activities		<u>(695,285)</u>	<u>(380,583)</u>
<b>Cash flows from financing activities</b>			
New loans in year		737,835	1,278,387
Loan repayments in year		(909,615)	(916,703)
Amount introduced by directors		-	342,000
Amount withdrawn by directors		(12,799)	(370,605)
Equity dividends paid		(96,586)	(16,000)
Net cash from financing activities		<u>(281,165)</u>	<u>317,079</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>1,496,118</u>	<u>(765,410)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	(302,144)	463,266
<b>Cash and cash equivalents at end of year</b>	2	<u><u>1,193,974</u></u>	<u><u>(302,144)</u></u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2020**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Profit before taxation	<b>871,121</b>	1,166,899
Depreciation charges	<b>95,602</b>	95,602
(Profit)/loss on disposal of fixed assets	<b>(6,611)</b>	6,320
Increase in provisions	<b>141,280</b>	-
Finance costs	<b>65,856</b>	48,218
Finance income	<b>(119,230)</b>	(105,726)
	<b>1,048,018</b>	1,211,313
Decrease/(increase) in stocks	<b>468,037</b>	(1,813,848)
Decrease/(increase) in trade and other debtors	<b>170,819</b>	(381,952)
Increase in trade and other creditors	<b>1,098,473</b>	623,200
<b>Cash generated from operations</b>	<b><u>2,785,347</u></b>	<b><u>(361,287)</u></b>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 March 2020**

	<b>31/3/20</b>	<b>1/4/19</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	<b>1,207,018</b>	<b>225,538</b>
Bank overdrafts	<b>(13,044)</b>	<b>(527,682)</b>
	<b><u>1,193,974</u></b>	<b><u>(302,144)</u></b>

**Year ended 31 March 2019**

	<b>31/3/19</b>	<b>1/4/18</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	<b>225,538</b>	<b>676,050</b>
Bank overdrafts	<b>(527,682)</b>	<b>(212,784)</b>
	<b><u>(302,144)</u></b>	<b><u>463,266</u></b>

NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2020

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/4/19 £	Cash flow £	At 31/3/20 £
<b>Net cash</b>			
Cash at bank and in hand	225,538	981,480	1,207,018
Bank overdrafts	(527,682)	514,638	(13,044)
	<u>(302,144)</u>	<u>1,496,118</u>	<u>1,193,974</u>
<b>Debt</b>			
Debts falling due within 1 year	(814,601)	171,780	(642,821)
	<u>(814,601)</u>	<u>171,780</u>	<u>(642,821)</u>
<b>Total</b>	<u>(1,116,745)</u>	<u>1,667,898</u>	<u>551,153</u>

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

**1. STATUTORY INFORMATION**

Bridgend Garage Limited is a private limited company incorporated in Scotland. The registered office is Riverside Complex, Glasgow Road, Kilwinning, Ayrshire, KA13 7JB.

The financial statements are presented in Sterling (£).

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. There were no material departures from that standard. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

**Going concern**

Due to the ongoing Coronavirus pandemic, the company expects to endure potentially deteriorating economic and trading effects as a result. The directors are constantly monitoring the pandemic and the effects on the company of the nationwide lockdown. The directors are working closely with key management and staff to ensure the the company continues to operate profitably.

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate reserves to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements despite the uncertainty caused by the ongoing pandemic.

**Information and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Judgements**

The company considers on an annual basis the judgements that are made by management when applying its significant accounting policies that would have the most significant effect on amounts that are recognised in the financial statements.

The directors consider there are no such significant judgements.

**Provisions**

Provisions are recognised when the company has a legal or constructive obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

The company offers its own warranty products on cars sold. The company has an obligation to carry out repairs for those warranties with a guarantee period remaining at the balance sheet date. The warranty provision reflects the estimated liability at the balance sheet date, based on experiential outcomes in prior years.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2020**

**2. ACCOUNTING POLICIES - continued**

**Turnover**

Turnover represents the total invoice value, excluding value added tax, of goods and services rendered during the year including car sales, parts and services sales. The company's policy is to recognise a sale when substantively all the risks and rewards in connection with the goods and services have been passed to the buyer.

**Finance commission and volume bonus**

The company acts as agent on behalf of various finance companies for the arrangement of finance for its customers to purchase its products. Commission earned is recognised when the customer draws down the finance.

**Warranty income**

The company offers its own warranty products on cars sold with a guarantee period typically ranging from 3 months to 2 years. Income is recognised on a straight-line basis over the warranty period which commences on delivery of the car.

**Goodwill**

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separate net assets. Negative goodwill arising is recognised in the profit and loss account over the periods in which the non-monetary assets acquired are depreciated or when these assets are sold. This is amortised over the useful life which is considered to be 50 years.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Heritable property	- 2% straight line
Plant and machinery	- 20% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 25% on reducing balance

Land included in heritable property is not depreciated.

Fixed assets are included in the financial statements at cost less accumulated depreciation and impairment.

**Impairment of non-financial assets**

At each reporting date non-financial assets not carried at fair value, like goodwill and plant, property and equipment, are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount which is the higher of value in use and the fair value less cost to sell, is estimated and compared with the carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit and loss.

**Government grants**

Government grants relating to revenue expenditure are recognised in income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate. Grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in the income in the period in which it becomes receivable.

Grants related to the purchase of assets are recognised on a systematic basis over the useful life of the underlying assets that were acquired with the grant.



**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2020**

**2. ACCOUNTING POLICIES - continued**

**Investment property**

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

- (i) Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure.
- (ii) Investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised in the profit and loss account accumulated in the profit and loss reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.
- (iii) Deferred taxation is provided on any gains at the rate expected to apply when a property is sold.

**Stocks**

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell. Replacement cost of stock would not be materially different.

Work in progress which relates to vehicle repairs is incorporated at cost for labour and parts.

Parts stock held on consignment from suppliers is included in stock where the principal terms of the agreement substantially transfer the risks and benefits of the stock to the company.

**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 to other third parties and loans to and from related parties.

Debt instruments like loans and other accounts receivable and payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and trade creditors, are measured, initially and subsequently, at the undiscounted amount of cash or other consideration expected to be paid or received.

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for evidence of impairment and if found, an impairment loss is recognised in profit or loss.

**Taxation**

Taxation represents the sum of tax currently payable and deferred tax. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

With the exception of changes arising on the initial recognition of a business combination, the tax expense is presented either in profit or loss, other comprehensive income or statement of changes in equity depending on the transaction that resulted in the tax expense.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2020

## 2. ACCOUNTING POLICIES - continued

**Pension costs and other post-retirement benefits**

The company pays into the personal pensions of certain employees and the directors. Contributions payable for the year are charged to profit or loss in the period to which they relate.

**Operating leases**

Rentals paid under operating leases are charged to the profit and loss on a straight line basis over the period of the lease.

**Rents receivable**

Rents receivable under operating leases are credited to the profit and loss account on a straight line basis over the period of the lease.

**Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**Finance agreements**

The capital element of loans provided to customers to finance vehicle acquisitions are included as debtors in the balance sheet. The interest receivable in respect of these loan agreements is credited to the profit and loss account over the relevant period. The loans are secured over the vehicles concerned.

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.

## 3. OTHER OPERATING INCOME

	2020	2019
	£	£
Rents received	72,000	80,500
Finance commission and volume bonus	1,351,751	1,393,232
Warranty income	129,707	19,933
Other income	36,000	33,000
Government grants	43,483	-
	<u>1,632,941</u>	<u>1,526,665</u>

## 4. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	3,716,431	3,403,506
Social security costs	318,572	294,533
Other pension costs	67,875	91,593
	<u>4,102,878</u>	<u>3,789,632</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2020

## 4. EMPLOYEES AND DIRECTORS - continued

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

	2020	2019
Sales	34	32
After sales	101	111
Administration	22	23
	<u>157</u>	<u>166</u>

The key management personnel of the company comprise the directors and the Head of Finance. During the year, the total employee benefits for the key management personnel were £24,015 (2019 - £68,516).

	2020	2019
	£	£
Directors' remuneration	<u>12,015</u>	<u>37,116</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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## 5. OPERATING PROFIT

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

	2020	2019
	£	£
Depreciation - owned assets	108,000	108,000
(Profit)/loss on disposal of fixed assets	(6,611)	6,320
Goodwill amortisation	(12,398)	(12,398)
Auditors' remuneration	12,450	12,000
Accountancy fees paid to auditors	9,000	9,000
Auditors fees - tax	<u>1,000</u>	<u>1,000</u>

## 6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Interest on loans from group undertakings	<u>65,856</u>	<u>48,218</u>
	<u>65,856</u>	<u>48,218</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2020

## 7. TAXATION

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2020 £	2019 £
Current tax:		
UK corporation tax	160,517	229,801
Under provision in previous years	46	299
Total current tax	<u>160,563</u>	<u>230,100</u>
Deferred tax	14,690	3,004
Tax on profit	<u>175,253</u>	<u>233,104</u>

UK corporation tax has been charged at 19% (2019 - 19%).

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Profit before tax	<u>871,121</u>	<u>1,166,899</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	165,513	221,711
Effects of:		
Depreciation in excess of capital allowances	9,684	8,533
Adjustments to tax charge in respect of previous periods	46	299
excess of capital allowances		
(Profit)/loss on disposals	(1,256)	1,201
Disallowed expenses	1,023	1,360
Chargeable gains	243	-
Total tax charge	<u>175,253</u>	<u>233,104</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2020

## 8. DIVIDENDS

	2020 £	2019 £
Ordinary shares of £1 each		
Final	80,586	-
B Ordinary share of £1		
Interim	2,000	2,000
C Ordinary share of £1		
Interim	2,000	2,000
D Ordinary share of £1		
Interim	2,000	2,000
E Ordinary share of £1		
Interim	2,000	2,000
F Ordinary share of £1		
Interim	2,000	2,000
G Ordinary share of £1		
Interim	2,000	2,000
H Ordinary share of £1		
Interim	2,000	2,000
I Ordinary share of £1		
Interim	2,000	2,000
	<u>2,000</u>	<u>2,000</u>
	<u>96,586</u>	<u>16,000</u>

## 9. INTANGIBLE FIXED ASSETS

	Goodwill £
<b>COST</b>	
At 1 April 2019	
and 31 March 2020	<u>(619,893)</u>
<b>AMORTISATION</b>	
At 1 April 2019	(243,827)
Amortisation for year	<u>(12,398)</u>
At 31 March 2020	<u>(256,225)</u>
<b>NET BOOK VALUE</b>	
At 31 March 2020	<u>(363,668)</u>
At 31 March 2019	<u>(376,066)</u>

Negative goodwill arises on the acquisition of a business in 1999 and is being released to the profit and loss account in line with the depreciation of the related assets. The goodwill figure arises as the separable value of the assets acquired exceeded the amount paid for the business.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2020

## 10. TANGIBLE FIXED ASSETS

	Heritable property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 April 2019	3,693,221	426,098	315,158	60,954	4,495,431
Additions	<u>854,683</u>	<u>1,262</u>	<u>26,357</u>	<u>3,824</u>	<u>886,126</u>
At 31 March 2020	<u>4,547,904</u>	<u>427,360</u>	<u>341,515</u>	<u>64,778</u>	<u>5,381,557</u>
<b>DEPRECIATION</b>					
At 1 April 2019	842,385	305,169	271,523	41,646	1,460,723
Charge for year	<u>62,400</u>	<u>20,400</u>	<u>19,200</u>	<u>6,000</u>	<u>108,000</u>
At 31 March 2020	<u>904,785</u>	<u>325,569</u>	<u>290,723</u>	<u>47,646</u>	<u>1,568,723</u>
<b>NET BOOK VALUE</b>					
At 31 March 2020	<u>3,643,119</u>	<u>101,791</u>	<u>50,792</u>	<u>17,132</u>	<u>3,812,834</u>
At 31 March 2019	<u>2,850,836</u>	<u>120,929</u>	<u>43,635</u>	<u>19,308</u>	<u>3,034,708</u>

Included in cost of heritable property is land of £550,000 (2019 - £550,000) which is not depreciated.

## 11. INVESTMENT PROPERTY

	Total £
<b>FAIR VALUE</b>	
At 1 April 2019	297,250
Disposals	<u>(65,000)</u>
At 31 March 2020	<u>232,250</u>
<b>NET BOOK VALUE</b>	
At 31 March 2020	<u>232,250</u>
At 31 March 2019	<u>297,250</u>

The investment properties are held for use under operating leases. The investment properties are valued by the directors, who are not professionally qualified valuers, at values which represent their opinion of the open market value. If properties were sold at these values, no tax charge would arise. The historical cost of the investment properties is £147,250.

## 12. STOCKS

	2020 £	2019 £
Finished goods	8,886,307	9,387,707
Parts	<u>141,082</u>	<u>107,719</u>
	<u>9,027,389</u>	<u>9,495,426</u>

Stock recognised in cost of sales during the year as an expense was £25,853,725 (2019 - £25,811,782).

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2020

## 13. DEBTORS

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	792,964	655,689
Amounts owed by group undertakings	242,793	242,793
Other debtors	-	445,587
Prepayments	66,144	30,978
	<u>1,101,901</u>	<u>1,375,047</u>
Amounts falling due after more than one year:		
Trade debtors	<u>327,402</u>	<u>225,075</u>
Aggregate amounts	<u>1,429,303</u>	<u>1,600,122</u>

## 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Bank loans and overdrafts (see note 15)	13,044	527,682
Other loans (see note 15)	642,821	814,601
Trade creditors	196,144	148,112
Corporation tax	45,898	132,258
Social security and other taxes	282,647	276,632
Other creditors	1,215,554	406,126
Amounts owed to group undertakings	1,861,838	1,453,186
Directors' current accounts	351,334	364,133
Accruals and deferred income	110,150	283,804
	<u>4,719,430</u>	<u>4,406,534</u>

## 15. LOANS

An analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year or on demand:		
Bank overdrafts	13,044	527,682
Other loans	<u>642,821</u>	<u>814,601</u>
	<u>655,865</u>	<u>1,342,283</u>

The bank overdraft is secured by a floating charge over the assets and undertakings of the company.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2020

## 16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020	2019
	£	£
Within one year	3,757	3,757
Between one and five years	9,393	13,150
	<u>13,150</u>	<u>16,907</u>

## 17. PROVISIONS FOR LIABILITIES

	2020	2019
	£	£
Deferred tax	46,076	31,386
Other provisions	141,280	-
	<u>187,356</u>	<u>31,386</u>

	Deferred tax	Warranty provision
	£	£
Balance at 1 April 2019	31,386	-
Provided during year	-	141,280
Accelerated capital allowances	14,690	-
Balance at 31 March 2020	<u>46,076</u>	<u>141,280</u>

The company offers its own warranty products for cars sold, with a guarantee period typically varying from 3 months to 2 years. The company has an obligation to carry out repairs for those warranties with a guarantee period remaining at the balance sheet date. The warranty provision reflects the estimated liability at the balance sheet date.

## 18. CALLED UP SHARE CAPITAL

## Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
			£	£
160,002	Ordinary	£1	160,002	160,002
1	A Ordinary	£1	1	1
1	B Ordinary	£1	1	1
1	C Ordinary	£1	1	1
1	D Ordinary	£1	1	1
1	E Ordinary	£1	1	1
1	F Ordinary	£1	1	1
1	G Ordinary	£1	1	1
1	H Ordinary	£1	1	1
1	I Ordinary	£1	1	1
			<u>160,011</u>	<u>160,011</u>



**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2020****18. CALLED UP SHARE CAPITAL - continued**

Ordinary shares have equal rights with regards to voting, participation and dividends.

A, B, C, D, E, F, G, H and I Ordinary shares are non-redeemable, non-voting, have rights to participate in all approved dividend distributions for that class of share and have no rights to participate in any capital distribution on winding up.

**19. RESERVES**

	<b>Profit and loss account £</b>	<b>Revaluation reserve £</b>	<b>Totals £</b>
At 1 April 2019	<b>9,529,047</b>	<b>150,000</b>	<b>9,679,047</b>
Profit for the year	<b>695,868</b>		<b>695,868</b>
Dividends	<b>(96,586)</b>		<b>(96,586)</b>
At 31 March 2020	<b>10,128,329</b>	<b>150,000</b>	<b>10,278,329</b>

**20. PENSION COMMITMENTS**

The company pays into the personal pensions of certain employees and the directors. The assets of the schemes are held separately from those of the company in independently administered funds. Contributions this year amounted to £67,875 (2019 - £91,593). The contributions outstanding at the year-end totalled £13,438 (2019 - £9,055).

**21. ULTIMATE PARENT COMPANY**

The holding company is Bridgend Holdings Limited, a company registered in Scotland.

Consolidated group accounts are available from Mr Daniel McLaughlan, Bridgend Garage Limited, East Road, Irvine, Ayrshire.

**22. RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

The balance due by the company to the directors at 31 March 2020 is £351,334 (2019 - £364,133). The balance is interest free, unsecured and has no fixed repayment terms.

At the year end, £793,428 (2019 - £(445,587)) was owed to the company from a related company. The balance is interest free, unsecured and has no fixed repayment terms.

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