

MacKays of Dingwall Limited

Directors' report and financial statements

for the year ended 31 December 2011

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MacKays of Dingwall Limited

Company Information

Directors	Muir Mackay John Manson
Company secretary	Joan McMillan
Company number	SC177001
Registered office	Strathpeffer Road Dingwall Ross-shire IV15 9QF
Auditors	Ernst & Young LLP Barony House Stoneyfield Business Park Stoneyfield Inverness Scotland IV2 7PA
Solicitors	Middleton, Ross & Arnot Mansefield House 7 High Street Dingwall Ross-shire IV15 9HJ

MacKays of Dingwall Limited

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MacKays of Dingwall Limited

Directors' report for the year ended 31 December 2011

The directors present their report and the financial statements for the year ended 31 December 2011.

Principal activities

The principal activities of the group during the year were the operation of the Vauxhall franchise dealerships for Inverness, Ross-shire, Sutherland and Caithness and also that of a holding company as the parent company of the group.

Business review

The financial results for the group reflect a fairly consistent gross margin percentage of 6% in 2011 and 7% in 2010, with group post tax profits of £145,118 compared with £120,640 in the prior year. We are satisfied with these results, especially given the challenging economic circumstances that the country continued to see during this period and its impact on the motor industry.

Management of the group have been monitoring costs and taking appropriate action to improve efficiencies as appropriate. The group strives to maintain an optimum level of working capital through efficient stock turnover, whilst monitoring the recovery of outstanding balances through effective management controls. Due to the competitive nature of the market, the management have created appropriate strategies in order that the group can operate in an efficient manner, whilst continuing to offer a high quality service to its loyal customer base.

Although the group continues to operate in challenging times, the financial results subsequent to the year end have been encouraging. We are confident that the diverse vehicle range and services provided by the group will mean that we are well placed to meet these challenges during the coming year and beyond.

The key business risks and uncertainties affecting our group are considered to relate to interest rates, the availability of vehicles from the manufacturer and more generally the competitive nature of the motor industry. We believe that we are well placed to monitor and control the impact that these may have on the group and take appropriate action as deemed necessary.

We use a number of key performance indicators to aid the management of the day to day business; however we do not feel that their inclusion would add value to this report.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £145,118 (2010 - £120,640).

The consolidated profit and loss account for the year is set out on pages 6 to 7.

An interim ordinary dividend was paid amounting to £95,000. The directors do not recommend payment of a final dividend.

Directors

The directors who served during the year were:

Muir Mackay
John Manson

Future developments

We, the directors, aim to maintain and increase the group's market share by continuing to offer a high quality product and aftercare service to our customers.

MacKays of Dingwall Limited

**Directors' report
for the year ended 31 December 2011**

Provision of information to auditors


Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

Auditors

The auditors, Ernst & 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 *21 September 2012* and signed on its behalf.


Joan McMillan
Secretary

**Directors' responsibilities statement
for the year ended 31 December 2011**

The directors are responsible for preparing 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the shareholders of MacKays of Dingwall Limited

We have audited the financial statements of MacKays of Dingwall Limited for the year ended 31 December 2011, which comprise the group Profit and loss account, the group and company Balance sheets, the group and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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.

Respective responsibilities of directors and auditors

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

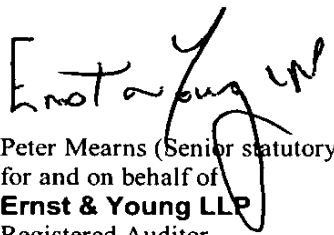
MacKays of Dingwall Limited

Independent auditors' report to the shareholders of MacKays of Dingwall Limited

Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.


Peter Mearns (Senior statutory auditor)
for and on behalf of
Ernst & Young LLP
Registered Auditor
Inverness
Date: 25/9/2012

MacKays of Dingwall Limited

**Consolidated profit and loss account
for the year ended 31 December 2011**

	<i>Note</i>	<i>2011</i> £	<i>2010</i> £
Turnover	1,2	18,204,121	20,266,706
Cost of sales		(17,134,454)	(18,848,974)
Gross profit		1,069,667	1,417,732
Administrative expenses		(821,679)	(1,105,757)
Other operating income	3	57,064	13,010
Operating profit	4	305,052	324,985
Income from other fixed asset investments		5	5
Interest receivable and similar income		-	988
Interest payable and similar charges	7	(56,107)	(114,999)
Profit on ordinary activities before taxation		248,950	210,979
Tax on profit on ordinary activities	8	(56,565)	(48,744)
Profit on ordinary activities after taxation		192,385	162,235
Minority interests		(47,267)	(41,595)
Profit for the financial year	19	145,118	120,640

All amounts relate to continuing operations.

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account.

The notes on pages 11 to 24 form part of these financial statements.

MacKays of Dingwall Limited

**Note of historical cost profits and losses
for the year ended 31 December 2011**

	<i>2011</i> £	<i>2010</i> £
<i>Reported profit on ordinary activities before taxation</i>	248,950	210,979
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	468	546
<i>Historical cost profit on ordinary activities before taxation</i>	<u>249,418</u>	<u>211,525</u>
<i>Historical profit for the year after taxation</i>	<u>145,586</u>	<u>121,186</u>

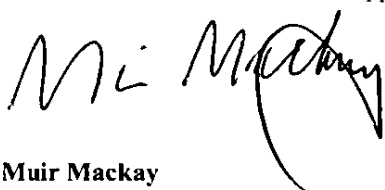
The notes on pages 11 to 24 form part of these financial statements.

MackKays of Dingwall Limited
Registered number: SC177001

Consolidated balance sheet
as at 31 December 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	9		990,087		1,016,013
Investments	10		4,460		4,460
			<u>994,547</u>		<u>1,020,473</u>
Current assets					
Stocks	11	2,600,632		2,176,232	
Debtors	12	2,124,508		1,664,929	
Cash at bank		29,482		213,883	
		<u>4,754,622</u>		<u>4,055,044</u>	
Creditors: amounts falling due within one year	13	(3,183,762)		(2,478,781)	
Net current assets			<u>1,570,860</u>		<u>1,576,263</u>
Total assets less current liabilities			<u>2,565,407</u>		<u>2,596,736</u>
Creditors: amounts falling due after more than one year	14		(174,621)		(275,741)
Provisions for liabilities					
Deferred tax	15		(15,311)		(13,349)
Net assets			<u><u>2,375,475</u></u>		<u><u>2,307,646</u></u>
Capital and reserves					
Called up share capital	18		281,060		281,060
Revaluation reserve	19		21,052		21,520
Profit and loss account	19		1,530,918		1,480,332
Shareholders' funds	22		<u>1,833,030</u>		<u>1,782,912</u>
Minority interests	21		542,445		524,734
			<u><u>2,375,475</u></u>		<u><u>2,307,646</u></u>

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



21 September 2012.

Muir Mackay
Director

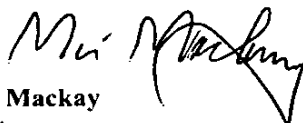
The notes on pages 11 to 24 form part of these financial statements.

MacKays of Dingwall Limited
Registered number: SC177001

Company balance sheet
as at 31 December 2011

	<i>Note</i>	<i>£</i>	<i>2011</i> <i>£</i>	<i>£</i>	<i>2010</i> <i>£</i>
Fixed assets					
Tangible assets	9		433,969		457,075
Investments	10		362,360		362,360
			<u>796,329</u>		<u>819,435</u>
Current assets					
Stocks	11	881,682		943,886	
Debtors	12	456,696		486,735	
Cash at bank		730		5,350	
		<u>1,339,108</u>		<u>1,435,971</u>	
Creditors: amounts falling due within one year	13	<u>(1,010,271)</u>		<u>(1,077,380)</u>	
Net current assets			328,837		358,591
Total assets less current liabilities			<u>1,125,166</u>		<u>1,178,026</u>
Creditors: amounts falling due after more than one year	14		-		(65,787)
Provisions for liabilities					
Deferred tax	15		(11,246)		(13,349)
Net assets			<u>1,113,920</u>		<u>1,098,890</u>
Capital and Reserves					
Called up share capital	18		281,060		281,060
Profit and loss account	19		832,860		817,830
Shareholders' funds	22		<u>1,113,920</u>		<u>1,098,890</u>

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


Muir Mackay
 Director

21 September 2012.

The notes on pages 11 to 24 form part of these financial statements.

MackKays of Dingwall Limited

**Consolidated cash flow statement
for the year ended 31 December 2011**

	<i>Note</i>	<i>2011</i> £	<i>2010</i> £
Net cash flow from operating activities	23	(86,603)	459,298
Returns on investments and servicing of finance	24	(85,658)	(152,908)
Taxation		(59,177)	(62,288)
Capital expenditure and financial investment	24	(14,917)	(8,648)
Equity dividends paid		(95,000)	(65,000)
Cash (outflow)/inflow before financing		(341,355)	170,454
Financing	24	165,005	(41,880)
(Decrease)/Increase in cash in the year		(176,350)	128,574

**Reconciliation of net cash flow to movement in net funds/debt
for the year ended 31 December 2011**

	<i>2011</i> £	<i>2010</i> £
(Decrease)/Increase in cash in the year	(176,350)	128,574
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(165,005)	41,880
Movement in net debt in the year	(341,355)	170,454
Net debt at 1 January 2011	(112,162)	(282,616)
Net debt at 31 December 2011	(453,517)	(112,162)

The notes on pages 11 to 24 form part of these financial statements.

**Notes to the financial statements
for the year ended 31 December 2011**

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of leasehold and freehold land and buildings and in accordance with applicable accounting standards.

1.2 Basis of consolidation

The financial statements consolidate the accounts of MacKays of Dingwall Limited and all of its subsidiary undertakings ('subsidiaries').

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	Straight line over 50 years
L/Term Leasehold Property	-	Over 60 years
Plant & machinery	-	15% straight line or 20% reducing balance
Fixtures & fittings	-	15% to 30% straight line or reducing balance
Motor vehicles	-	25% straight line

1.5 Revaluation of tangible fixed assets

As permitted by the transitional provisions of FRS 15 Tangible Fixed Assets the company has elected not to adopt a policy of revaluation of tangible fixed assets. The company will retain the book value of land and buildings, previously revalued at 31 December 1997 and will not update that valuation.

1.6 Investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Other investments**
Investments held as fixed assets are shown at cost less provision for impairment.

1.7 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**Notes to the financial statements
for the year ended 31 December 2011**

1. Accounting policies (continued)

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as 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 tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. Turnover

All turnover arose within the United Kingdom.

3. Other operating income

	2011 £	2010 £
Other operating income	57,064	13,010

4. Operating profit

The operating profit is stated after charging:

	2011 £	2010 £
Depreciation of tangible fixed assets:		
- owned by the group	40,843	56,276
Auditors' remuneration	12,750	15,025
Operating lease rentals:		
- other operating leases	24,500	24,500

Auditors fees for the company were £6,250 (2010 - £6,775)

MacKays of Dingwall Limited

**Notes to the financial statements
for the year ended 31 December 2011**

5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2011 £	2010 £
Wages and salaries	1,291,843	1,253,438
Social security costs	116,939	113,602
Other pension costs	11,394	11,831
	<u>1,420,176</u>	<u>1,378,871</u>

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

	2011 No.	2010 No.
Sales and service	56	55
Administration	11	11
	<u>67</u>	<u>66</u>

6. Directors' remuneration

	2011 £	2010 £
Emoluments	<u>29,441</u>	<u>29,126</u>
Company pension contributions to defined contribution pension schemes	<u>2,400</u>	<u>2,400</u>

During the year retirement benefits were accruing to 2 directors (2010 - 2) in respect of defined contribution pension schemes.

7. Interest payable

	2011 £	2010 £
On bank loans and overdrafts	7,149	12,789
On other loans	46,325	98,924
Other interest payable	2,633	3,286
	<u>56,107</u>	<u>114,999</u>

Notes to the financial statements
for the year ended 31 December 2011

8. Taxation

	2011 £	2010 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	58,861	59,177
Adjustments in respect of prior periods	(4,258)	(7,647)
Total current tax	54,603	51,530
Deferred tax (see note 15)		
Origination and reversal of timing differences	1,962	(2,786)
Tax on profit on ordinary activities	56,565	48,744

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 26.49% (2010 - 26%). The differences are explained below:

	2011 £	2010 £
Profit on ordinary activities before tax	248,950	210,979
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.49% (2010 - 26%)	65,947	54,855
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,212	2,934
Capital allowances for year in excess of depreciation	(1,341)	6,071
Adjustments to tax charge in respect of prior periods	(4,258)	(7,647)
Other differences leading to an increase (decrease) in the tax charge	(8,957)	(4,683)
Current tax charge for the year (see note above)	54,603	51,530

MacKays of Dingwall Limited

**Notes to the financial statements
for the year ended 31 December 2011**

9. Tangible fixed assets

Group	<i>Freehold property</i> £	<i>L/Term Leasehold Property</i> £	<i>Plant & machinery</i> £	<i>Fixtures & fittings</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost or valuation						
At 1 January 2011	430,569	629,658	572,463	184,396	8,697	1,825,783
Additions	-	-	23,654	1,292	-	24,946
Disposals	-	(2,238)	(408,336)	(49,376)	-	(459,950)
At 31 December 2011	430,569	627,420	187,781	136,312	8,697	1,390,779
Depreciation						
At 1 January 2011	54,843	109,268	470,098	166,864	8,697	809,770
Charge for the year	6,263	6,123	24,843	3,614	-	40,843
On disposals	-	(573)	(391,678)	(57,670)	-	(449,921)
At 31 December 2011	61,106	114,818	103,263	112,808	8,697	400,692
Net book value						
At 31 December 2011	369,463	512,602	84,518	23,504	-	990,087
At 31 December 2010	375,726	520,390	102,365	17,532	-	1,016,013

The property was revalued by Graham & Sibbald as at 31 December 1997 on the basis of open market value.

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

Group	<i>2011</i> £	<i>2010</i> £
Cost	586,744	588,982
Accumulated depreciation	(106,279)	(101,302)
Net book value	480,465	487,680

Notes to the financial statements
for the year ended 31 December 2011

9 Tangible fixed assets (continued)

Company	<i>Freehold property</i> £	<i>Plant & machinery</i> £	<i>Fixtures & fittings</i> £	<i>Total</i> £
Cost or valuation				
At 1 January 2011	430,569	414,769	76,102	921,440
Additions	-	950	1,292	2,242
Disposals	-	(306,910)	(49,376)	(356,286)
At 31 December 2011	430,569	108,809	28,018	567,396
Depreciation				
At 1 January 2011	54,843	336,852	72,670	464,365
Charge for the year	6,263	11,413	3,614	21,290
On disposals	-	(294,558)	(57,670)	(352,228)
At 31 December 2011	61,106	53,707	18,614	133,427
Net book value				
At 31 December 2011	369,463	55,102	9,404	433,969
At 31 December 2010	375,726	77,917	3,432	457,075

Freehold property include £119,820 (2010 - £119,820) for land which is not depreciated.

10. Fixed asset investments

Group	<i>Listed investments</i> £	<i>Unlisted investments</i> £	<i>Total</i> £
Cost or valuation			
At 1 January 2011	22,871	5,000	27,871
Disposals	(10,150)	-	(10,150)
At 31 December 2011	12,721	5,000	17,721
Impairment			
At 1 January 2011	18,412	4,999	23,411
Impairment on disposals	(10,150)	-	(10,150)
At 31 December 2011	8,262	4,999	13,261
Net book value			
At 31 December 2011	4,459	1	4,460
At 31 December 2010	4,459	1	4,460

MacKays of Dingwall Limited

**Notes to the financial statements
for the year ended 31 December 2011**

10. Fixed asset investments (continued)***Listed investments***

The market value of the listed investments at 31 December 2011 was £4,459 (2010 - £4,459).

Company	<i>Investments in subsidiary companies</i> £	<i>Listed investments</i> £	<i>Unlisted investments</i> £	<i>Total</i> £
Cost or valuation				
At 1 January 2011	796,821	22,871	5,000	824,692
Disposals	-	(10,150)	-	(10,150)
At 31 December 2011	796,821	12,721	5,000	814,542
Impairment				
At 1 January 2011	438,921	18,412	4,999	462,332
Impairment on disposals	-	(10,150)	-	(10,150)
At 31 December 2011	438,921	8,262	4,999	452,182
Net book value				
At 31 December 2011	357,900	4,459	1	362,360
At 31 December 2010	357,900	4,459	1	362,360

Listed investments

The market value of the listed investments at 31 December 2011 was £4,459 (2010 - £4,459).

Details of the principal subsidiaries can be found under note number 28.

11. Stocks

	Group		Company	
	<i>2011</i> £	<i>2010</i> £	<i>2011</i> £	<i>2010</i> £
Parts stock	188,230	176,278	87,495	91,451
Vehicle and general stock	2,412,402	1,999,954	794,187	852,435
	2,600,632	2,176,232	881,682	943,886

**Notes to the financial statements
for the year ended 31 December 2011**

12. Debtors

	Group		Company	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	£	£	£	£
Trade debtors	1,024,325	478,271	224,926	237,314
Amounts owed by group undertakings	-	-	607	-
Other debtors	1,069,202	1,123,935	200,182	228,625
Prepayments and accrued income	30,981	62,723	30,981	20,796
	<u>2,124,508</u>	<u>1,664,929</u>	<u>456,696</u>	<u>486,735</u>

**13. Creditors:
Amounts falling due within one year**

	Group		Company	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	£	£	£	£
Bank loans and overdrafts	308,378	50,304	80,977	6,956
Trade creditors	2,284,387	1,760,063	598,166	719,188
Amounts owed to group undertakings	-	-	22,060	22,060
Corporation tax	56,015	59,177	13,309	14,254
Social security and other taxes	135,703	307,374	50,636	132,505
Directors current accounts	192	192	192	192
Other creditors	361,345	213,207	201,349	145,022
Accruals and deferred income	37,742	88,464	43,582	37,203
	<u>3,183,762</u>	<u>2,478,781</u>	<u>1,010,271</u>	<u>1,077,380</u>

Bank loans and overdrafts are secured by a standard security over the garage showrooms at Dingwall owned by the company, by a bond and floating charge over the assets of the group and a standard security over the garage and showroom at 40 Harbour Road, Inverness leased by the group. One bank loan is repayable by monthly instalments of £806, with a final balloon repayment in December 2012, interest is charged on the loan at base +3.4%. The second bank loan is repayable by monthly instalments of £3,323, being fully repaid by November 2018, interest is charged on the loan at base +1.5%.

Stocking loans amounting to £183,332 for group and £16,102 for company (2010 - group £195,150, company £133,625), included within other creditors, are secured over vehicle stocks.

Mackays of Dingwall Limited

Notes to the financial statements for the year ended 31 December 2011

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

	Group		Company	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	£	£	£	£
Bank loans	174,621	275,741	-	65,787

Included within the above are amounts falling due as follows:

	Group		Company	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	£	£	£	£
Between one and two years				
Bank loans	174,621	43,243	-	7,233
Between two and five years				
Bank loans	-	171,003	-	58,554
Over five years				
Bank loans	-	61,495	-	-

Creditors include amounts not wholly repayable within 5 years as follows:

	Group		Company	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	£	£	£	£
Repayable by instalments	-	61,495	-	-

Bank loans and overdrafts are secured by a standard security over the garage showrooms at Dingwall owned by the company, by a bond and floating charge over the assets of the group and a standard security over the garage and showroom at 40 Harbour Road, Inverness leased by the group. One bank loan is repayable by monthly instalments of £806, with a final balloon repayment in December 2012, interest is charged on the loan at base +3.4%. The second bank loan is repayable by monthly instalments of £3,323, being fully repaid by November 2018, interest is charged on the loan at base +1.5%.

15. Deferred taxation

	Group		Company	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	£	£	£	£
At beginning of year	13,349	16,135	13,349	16,135
Charge for/(released during) the year	1,962	(2,786)	(2,103)	(2,786)
At end of year	15,311	13,349	11,246	13,349

Notes to the financial statements
for the year ended 31 December 2011

15. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	Group		Company	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	£	£	£	£
Accelerated capital allowances	15,311	13,349	11,246	13,349

16. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £11,394 (2010 - £11,831). Contributions totalling £503 (2010 - £499) were payable to the fund at the balance sheet date and are included in creditors

17. Operating lease commitments

At 31 December 2011 the Group had annual commitments under non-cancellable operating leases as follows:

	<i>Land and buildings</i>	
	<i>2011</i>	<i>2010</i>
	£	£
Group		
Expiry date:		
After more than 5 years	24,500	24,500

18. Share capital

	<i>2011</i>	<i>2010</i>
	£	£
Allotted, called up and fully paid		
281,060 Ordinary Shares shares of £1 each	281,060	281,060

19. Reserves

	<i>Revaluation reserve</i>	<i>Profit and loss account</i>
	£	£
Group		
At 1 January 2011	21,520	1,480,332
Profit for the year	-	145,118
Dividends: Equity capital	-	(95,000)
Transfer between Revaluation reserve and P/L account	(468)	468
At 31 December 2011	21,052	1,530,918

MacKays of Dingwall Limited

**Notes to the financial statements
for the year ended 31 December 2011**

19. Reserves (continued)

	<i>Profit and loss account £</i>
Company	
At 1 January 2011	817,830
Profit for the year	110,030
Dividends: Equity capital	(95,000)
	<hr/>
At 31 December 2011	832,860
	<hr/>

20. Dividends

	<i>2011 £</i>	<i>2010 £</i>
Dividends paid on equity capital	95,000	65,000
	<hr/>	<hr/>

21. Minority interests

At the year end minority interests' share of net assets and liabilities in subsidiary undertakings was £542,445 (2010 - £524,734).

Mackays of Dingwall Limited

**Notes to the financial statements
for the year ended 31 December 2011**

22. Reconciliation of movement in shareholders' funds

	2011 £	2010 £
Group		
Opening shareholders' funds	1,782,912	1,727,272
Profit for the year	145,118	120,640
Dividends (Note 20)	(95,000)	(65,000)
	<hr/>	<hr/>
Closing shareholders' funds	1,833,030	1,782,912
	<hr/>	<hr/>
	2011 £	2010 £
Company		
Opening shareholders' funds	1,098,890	1,050,662
Profit for the year	110,030	113,228
Dividends (Note 20)	(95,000)	(65,000)
	<hr/>	<hr/>
Closing shareholders' funds	1,113,920	1,098,890
	<hr/>	<hr/>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The profit for the year dealt with in the accounts of the company was £110,030 (2010 - £113,228).

23. Net cash flow from operating activities

	2011 £	2010 £
Operating profit	305,052	324,985
Depreciation of tangible fixed assets	40,843	56,276
Increase in stocks	(424,400)	(86,489)
Increase in debtors	(459,579)	(631,991)
Increase in creditors	451,481	796,517
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(86,603)	459,298
	<hr/>	<hr/>

MacKays of Dingwall Limited

**Notes to the financial statements
for the year ended 31 December 2011**

24. Analysis of cash flows for headings netted in cash flow statement

	<i>2011</i> £	<i>2010</i> £
Returns on investments and servicing of finance		
Interest received	-	988
Interest paid	(56,107)	(114,999)
Dividends received	5	5
Dividends paid to minority interests	(29,556)	(38,902)
Net cash outflow from returns on investments and servicing of finance	<u>(85,658)</u>	<u>(152,908)</u>
	<i>2011</i> £	<i>2010</i> £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(24,946)	(8,648)
Sale of tangible fixed assets	10,029	-
Net cash outflow from capital expenditure	<u>(14,917)</u>	<u>(8,648)</u>
	<i>2011</i> £	<i>2010</i> £
Financing		
New secured loans	165,005	-
Repayment of loans	-	(41,880)
Net cash inflow/(outflow) from financing	<u>165,005</u>	<u>(41,880)</u>

25. Analysis of changes in net debt

	<i>1 January</i> <i>2011</i> £	<i>Cash flow</i> £	<i>Other non-cash changes</i> £	<i>31 December</i> <i>2011</i> £
Cash at bank and in hand	213,883	(184,401)	-	29,482
Bank overdraft	(8,051)	8,051	-	-
	<u>205,832</u>	<u>(176,350)</u>	<u>-</u>	<u>29,482</u>
Debt:				
Debts due within one year	(42,253)	(165,005)	(101,120)	(308,378)
Debts falling due after more than one year	(275,741)	-	101,120	(174,621)
Net debt	<u>(112,162)</u>	<u>(341,355)</u>	<u>-</u>	<u>(453,517)</u>

MacKays of Dingwall Limited

Notes to the financial statements for the year ended 31 December 2011

26. Controlling party

The company is jointly controlled by the directors Muir Mackay and John Manson.

27. Related party transactions

During the year the company traded on a normal commercial basis with Maison des Voiture, buying and selling vehicles, spares and workshop services. Maison des Voiture is an unincorporated business with which the director Muir Mackay has shared control. Purchase of goods and services during the year totalled £32,201 (2010 - £47,213). Sales of goods and services during the year totalled £1,714 (2010 - £2,691). At 31 December 2011 the net amount due from Maison des Voiture was £51,650 (2010 - £60,400).

Included in creditors falling due within one year is £22,060 in respect of a loan from the subsidiary undertaking Mackays' Garage & Agric. Co. Limited (2010 - £22,060).

During the year the company traded on a normal commercial basis with Autovision (Scotland) Limited, a subsidiary undertaking. Purchases of goods and services amounted to £318,179 (2010 - 510,103) and sales of goods and services amounted to £514,634 (2010 - £625,826). During the year the company received head office charges of £53,333 (2010 - £53,333) from Autovision (Scotland) Limited. As at 31 December 2011 the net amount due from Autovision (Scotland) Limited was £21,462 (2010 - £37,466). As at 31 December 2011 the company was due £20,855 (2010 - £nil) to Autovision (Scotland) Limited.

A loan of £110,000 was advanced to Glen Homes (Scotland) Limited in the prior year which remained outstanding at the year end. The loan has no fixed terms of repayment and is interest free. The director Muir Mackay is a shareholder in Glen Homes (Scotland) Limited.

During the year the company paid dividends totalling £95,000 (2010 - £65,000) to the directors, as shareholders of the company.

28. Principal subsidiaries

<i>Company name</i>	<i>Country</i>	<i>Percentage Shareholding</i>	<i>Description</i>
Autovision (Scotland) Limited	Scotland	66	Operation of the Vauxhall franchise dealership for Inverness and the surrounding area
MacKays' Garage and Agric. Co. Limited	Scotland	100	Dormant