

MacKays of Dingwall Limited

Report and financial statements

For the Year Ended 31 December 2015



Mackays of Dingwall Limited

Company Information

Directors	Muir Mackay John Manson
Company secretary	Joan McMillan
Registered number	SC177001
Registered office	Strathpeffer Road Dingwall Ross-shire IV15 9QF
Independent auditors	Ernst & Young LLP 400 Capability Green Luton Bedfordshire LU1 3LU
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

Group strategic report For the Year Ended 31 December 2015

Introduction

The directors present their strategic report for the year ended 31 December 2015.

Business review

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.

Financial key performance indicators

We use a number of key performance indicators to aid the management of the day to day business. The financial results of the group reflect an increased gross margin from 4.6% in 2014 to 4.9% in 2015, with profit after tax of £203,484 compared with £89,551 in the prior year. 2014 saw a significant organisational review of the Company which has had some impact on the results for the current year.

Management will continue to monitor costs going forward. The company strives to maintain an optimum level of working capital through efficient stock turnover, whilst monitoring the recovery of outstanding balances through effective management controls.

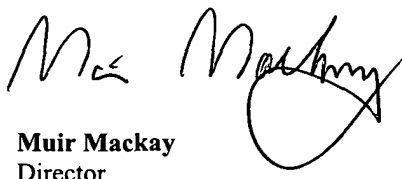
The company expects another challenging year in 2016 but are confident that the diverse vehicle range and services provided by the company will mean that they are well placed to meet these challenges during the coming year and beyond.

During the year the company converted to FRS 102. Further information is given in note 29.

Principal risks and uncertainties

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.

This report was approved by the board on 15 December 2016 and signed on its behalf.



Muir Mackay
Director

MacKays of Dingwall Limited

Directors' report For the Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £203,484 (2014 -£89,551).

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.

Going concern

The Group's business activities, together with the factors likely to affect its future development are disclosed in the Strategic Report and the Directors' report. The Group manages its working capital and cash position closely to ensure that it has adequate resources to pay its debts as they fall due. As a consequence, the directors believe the Group is well placed to manage its business risks. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Disclosure of information to auditors

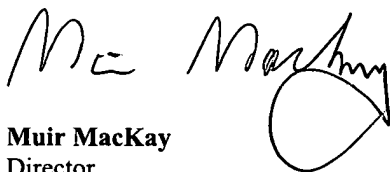
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- 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 relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Auditors

The company will be tendering its audit in advance of the audit of the 2016 financial statements. New auditors will be proposed to the members at the annual general meeting.

This report was approved by the board on 15 December 2016 and signed on its behalf.


Muir Mackay
Director

**Directors' responsibilities statement
For the Year Ended 31 December 2015**

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 for the Group financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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 Company and 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 Members of MacKays of Dingwall Limited

We have audited the financial statements of MacKays of Dingwall Limited for the year ended 31 December 2015, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes 1 to 29. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 on page 3 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 Financial Reporting Council'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 report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 and of the Group's profit or 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent Auditors' Report to the Members of MacKays of Dingwall Limited (continued)

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.

ERNST & YOUNG LLP

Chris Nobbs (Senior statutory auditor)
for and on behalf of
Ernst & Young LLP
Registered Auditor
Luton

15 December 2016

MacKays of Dingwall Limited

Consolidated statement of comprehensive income
For the Year Ended 31 December 2015

	Note	2015 £	2014 £
Turnover	3	22,401,104	23,438,559
Cost of sales		(21,299,931)	(22,315,864)
Gross profit		1,101,173	1,122,695
Administrative expenses		(896,874)	(899,162)
Other operating income		81,528	5,377
Operating profit	4	285,827	228,910
Interest payable and similar charges	8	(82,343)	(113,004)
Profit before taxation		203,484	115,906
Tax on profit	9	-	(26,355)
Profit for the year		203,484	89,551
Other comprehensive income		-	-
Total comprehensive income for the year		203,484	89,551
Non-controlling interests		22,439	(30,627)
Owners of the parent Company		181,045	120,178
		203,484	89,551

There were no recognised gains and losses for 2015 or 2014 other than those included in the consolidated statement of comprehensive income.

The notes on pages 14 to 31 form part of these financial statements.

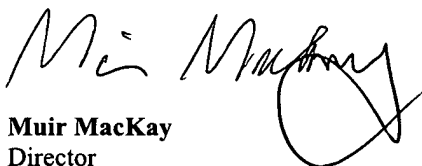
Consolidated balance sheet
As at 31 December 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	11		1,011,466		1,078,625
Investments	12		4,607		4,460
			<u>1,016,073</u>		<u>1,083,085</u>
Current assets					
Stocks	13	3,685,435		4,204,831	
Debtors: amounts falling due within one year	14	1,875,847		2,393,667	
Cash at bank and in hand	15	1,319		1,004	
			<u>5,562,601</u>	<u>6,599,502</u>	
Creditors: amounts falling due within one year	16	(3,886,975)		(4,990,296)	
Net current assets			<u>1,675,626</u>		<u>1,609,206</u>
Total assets less current liabilities			<u>2,691,699</u>		<u>2,692,291</u>
Creditors: amounts falling due after more than one year	17		(94,701)		(168,777)
Provisions for liabilities					
Deferred taxation	21	(40,862)		(40,862)	
			<u>(40,862)</u>		<u>(40,862)</u>
Net assets			<u>2,556,136</u>		<u>2,482,652</u>
Capital and reserves					
Called up share capital	22		281,060		281,060
Revaluation reserve	23		18,216		18,216
Profit and loss account			1,690,388		1,639,343
Equity attributable to owners of the parent Company			<u>1,989,664</u>		<u>1,938,619</u>
Non-controlling interests			566,472		544,033
			<u>2,556,136</u>		<u>2,482,652</u>

MacKays of Dingwall Limited
Registered number: SC177001

Consolidated balance sheet (continued)
As at 31 December 2015

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 December 2016.

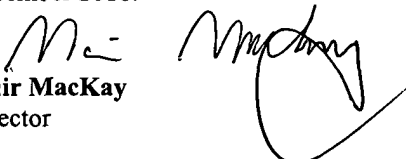

Muir MacKay
Director

The notes on pages 14 to 31 form part of these financial statements.

Company balance sheet
As at 31 December 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	11		462,336		492,875
Investments	12		362,507		362,360
			<u>824,843</u>		<u>855,235</u>
Current assets					
Stocks	13	1,129,030		1,176,574	
Debtors: amounts falling due within one year	14	459,772		482,773	
Cash at bank and in hand	15	995		550	
			<u>1,589,797</u>	<u>1,659,897</u>	
Creditors: amounts falling due within one year	16	(1,107,449)		(1,176,780)	
Net current assets			<u>482,348</u>		<u>483,117</u>
Total assets less current liabilities			<u>1,307,191</u>		<u>1,338,352</u>
Creditors: amounts falling due after more than one year	17		(64,875)		(109,004)
Provisions for liabilities					
Deferred taxation	21	(22,274)		(22,274)	
			<u>(22,274)</u>		<u>(22,274)</u>
Net assets			<u>1,220,042</u>		<u>1,207,074</u>
Capital and reserves					
Called up share capital	22		281,060		281,060
Profit and loss account			938,982		926,014
			<u>1,220,042</u>		<u>1,207,074</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 December 2016.


Muir MacKay
 Director

Mackays of Dingwall Limited

**Consolidated statement of changes in equity
For the Year Ended 31 December 2015**

	Called up share capital	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£
At 1 January 2015	281,060	18,216	1,639,343	1,938,619	544,033	2,482,652
Comprehensive income for the year						
Profit for the year	-	-	181,045	181,045	22,439	203,484
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	181,045	181,045	22,439	203,484
Dividends: Equity capital	-	-	(130,000)	(130,000)	-	(130,000)
At 31 December 2015	<u>281,060</u>	<u>18,216</u>	<u>1,690,388</u>	<u>1,989,664</u>	<u>566,472</u>	<u>2,556,136</u>

MacKays of Dingwall Limited

**Consolidated statement of changes in equity
For the Year Ended 31 December 2014**

	Called up share capital	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£
At 1 January 2014	281,060	19,595	1,567,786	1,868,441	576,524	2,444,965
Comprehensive income for the year						
Profit for the year	-	-	120,178	120,178	(32,491)	87,687
Surplus on revaluation of leasehold property	-	-	1,379	1,379	-	1,379
Other comprehensive income for the year	-	-	1,379	1,379	-	1,379
Total comprehensive income for the year	-	-	121,557	121,557	(32,491)	89,066
Dividends: Equity capital	-	-	(50,000)	(50,000)	-	(50,000)
Transfer to/from profit and loss account	-	(1,379)	-	(1,379)	-	(1,379)
At 31 December 2014	281,060	18,216	1,639,343	1,938,619	544,033	2,482,652

The notes on pages 14 to 31 form part of these financial statements.

MacKays of Dingwall Limited

**Company statement of changes in equity
For the Year Ended 31 December 2015**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	281,060	926,014	1,207,074
Comprehensive income for the year			
Profit for the year	-	142,968	142,968
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	142,968	142,968
Dividends: Equity capital	-	(130,000)	(130,000)
At 31 December 2015	<u>281,060</u>	<u>938,982</u>	<u>1,220,042</u>

**Company statement of changes in equity
For the Year Ended 31 December 2014**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2014	281,060	852,077	1,133,137
Comprehensive income for the year			
Profit for the year	-	123,937	123,937
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	123,937	123,937
Dividends: Equity capital	-	(50,000)	(50,000)
At 31 December 2014	<u>281,060</u>	<u>926,014</u>	<u>1,207,074</u>

The notes on pages 14 to 31 form part of these financial statements.

MacKays of Dingwall Limited

**Consolidated statement of cash flows
For the Year Ended 31 December 2015**

	2015 £	2014 £
Cash flows from operating activities		
Profit for the financial year	203,484	89,551
Adjustments for:		
Depreciation of tangible assets	62,312	62,446
Increase in stocks	519,396	(473,601)
Interest paid	82,343	113,004
Taxation	-	26,355
Increase in debtors	517,820	(551,529)
Increase in creditors	(233,327)	265,137
Corporation tax	(18,284)	(61,551)
Net cash generated from operating activities	1,133,744	(530,188)
Cash flows from investing activities		
Purchase of tangible fixed assets	(78,837)	(179,128)
Sale of tangible fixed assets	83,684	44,055
Purchase of listed investments	(147)	-
Net cash from investing activities	4,700	(135,073)
Cash flows from financing activities		
New secured loans	-	69,504
Repayment of loans	(83,206)	-
Repayment of/new finance leases	8,306	-
Dividends paid	(130,000)	(50,000)
Interest paid	(82,343)	(113,004)
Dividends paid to non controlling interests	-	(1,864)
Net cash used in financing activities	(287,243)	(95,364)
Net increase / (decrease) in cash and cash equivalents	851,201	(760,625)
Cash and cash equivalents at beginning of year	(1,209,697)	(449,072)
Cash and cash equivalents at the end of year	(358,496)	(1,209,697)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,319	1,004
Bank overdrafts	(359,815)	(1,210,701)
	(358,496)	(1,209,697)

**Notes to the financial statements
For the Year Ended 31 December 2015**

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 29.

The financial statements are prepared in sterling which is the functional currency of the group.

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 2).

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

1.3 Revenue

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

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**Notes to the financial statements
For the Year Ended 31 December 2015**

1. Accounting policies (continued)

1.4 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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

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 within 'other operating income' in the Statement of Comprehensive Income.

1.5 Operating leases: the Group as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

1.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated profit and loss account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**Notes to the financial statements
For the Year Ended 31 December 2015**

1. Accounting policies (continued)

1.7 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.

1.8 Debtors

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

1.9 Cash and cash equivalents

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

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.10 Financial instruments

The Group 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 Profit and loss account.

1.11 Creditors

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

1.12 Finance costs

Finance costs are charged to the Profit and loss account 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

**Notes to the financial statements
For the Year Ended 31 December 2015**

1. Accounting policies (continued)

1.14 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

1.15 Borrowing costs

All borrowing costs are recognised in the Profit and loss account in the year in which they are incurred.

1.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 Profit and loss account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet 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 Balance sheet.

**Notes to the financial statements
For the Year Ended 31 December 2015**

1. Accounting policies (continued)**1.17 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change 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 balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 balance sheet date.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There were no significant judgements or estimates required in the preparation of these financial statements.

3. Turnover

An analysis of turnover by class of business is as follows:

	2015 £	2014 £
Sale of vehicles	19,825,465	21,646,917
Parts, service and masterfit	2,575,639	1,791,642
	<u>22,401,104</u>	<u>23,438,559</u>

All turnover arose within the United Kingdom.

**Notes to the financial statements
For the Year Ended 31 December 2015**

4. Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	64,331	62,446
Fees payable to the Group's auditor and its associates for the audit of the company's annual financial statements	7,000	6,000
Defined contribution pension cost	27,026	15,194
	<u> </u>	<u> </u>

5. Auditors' remuneration

	2015 £	2014 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	7,000	6,000
	<u> </u>	<u> </u>

6. Employees

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

	2015 £	2014 £
Wages and salaries	1,418,888	1,375,804
Social security costs	109,430	84,308
Cost of defined contribution scheme	27,026	15,194
	<u> </u>	<u> </u>
	<u>1,555,344</u>	<u>1,475,306</u>

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

	2015 No.	2014 No.
Sales and service	50	51
Administration	11	11
	<u> </u>	<u> </u>
	<u>61</u>	<u>62</u>

**Notes to the financial statements
For the Year Ended 31 December 2015**

7. Directors' remuneration

	2015 £	2014 £
Directors' emoluments	35,588	40,111
Company contributions to defined contribution pension schemes	4,200	3,087
	<u>39,788</u>	<u>43,198</u>

During the year retirement benefits were accruing to no directors (2014 -NIL) in respect of defined contribution pension schemes.

8. Interest payable and similar charges

	2015 £	2014 £
Bank interest payable	10,711	22,728
Other loan interest payable	65,598	88,295
Other interest payable	6,034	1,981
	<u>82,343</u>	<u>113,004</u>

9. Taxation

	2015 £	2014 £
Corporation tax		
Current tax on profits for the year	-	18,285
Adjustments in respect of previous periods	-	(2,244)
Total current tax	<u>-</u>	<u>16,041</u>
Deferred tax		
Origination and reversal of timing differences	-	10,352
Adjustments in respect of prior periods	-	(38)
Total deferred tax	<u>-</u>	<u>10,314</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>26,355</u>

Notes to the financial statements
For the Year Ended 31 December 2015

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

The tax assessed for the year is lower than (2014 -lower than) the standard rate of corporation tax in the UK of 20% (2014 - 20%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	203,484	115,906
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 -20%)	40,697	23,181
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	2,364
Capital allowances for year in excess of depreciation	(1,255)	(9,316)
Adjustments to tax charge in respect of prior periods	-	(2,244)
Other timing differences leading to an increase (decrease) in taxation	(12,216)	160
Losses carried back	-	1,896
To be allocated	(27,226)	10,314
Total tax charge for the year	-	26,355

10. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £142,968 (2014 -£123,937).

**Notes to the financial statements
For the Year Ended 31 December 2015**

11. Tangible fixed assets

Group

	Freehold property and land £	L/Term Leasehold Property £	Plant & machinery £	Fixtures & fittings £	Total £
Cost or valuation					
At 1 January 2015	437,614	637,231	295,787	271,722	1,642,354
Additions	2,210	-	21,934	54,693	78,837
Disposals	-	-	(17,479)	(69,529)	(87,008)
At 31 December 2015	439,824	637,231	300,242	256,886	1,634,183
Depreciation					
At 1 January 2015	80,301	146,330	176,457	160,641	563,729
Charge owned for the period	6,507	10,621	37,149	10,054	64,331
Disposals	-	-	(3,324)	(2,019)	(5,343)
At 31 December 2015	86,808	156,951	210,282	168,676	622,717
Net book value					
At 31 December 2015	353,016	480,280	89,960	88,210	1,011,466
At 31 December 2014	357,313	490,901	119,330	111,081	1,078,625

**Notes to the financial statements
For the Year Ended 31 December 2015**

11. Tangible fixed assets (continued)

Company

	Freehold property and land £	Plant & machinery £	Fixtures & fittings £	Total £
Cost or valuation				
At 1 January 2015	437,614	148,004	115,609	701,227
Additions	2,210	8,344	54,693	65,247
Disposals	-	-	(69,529)	(69,529)
At 31 December 2015	439,824	156,348	100,773	696,945
Depreciation				
At 1 January 2015	80,301	100,262	27,789	208,352
Charge owned for the period	6,507	11,715	10,054	28,276
Disposals	-	-	(2,019)	(2,019)
At 31 December 2015	86,808	111,977	35,824	234,609
At 31 December 2015	353,016	44,371	64,949	462,336
At 31 December 2014	357,313	47,742	87,820	492,875

Included in Freehold property and land is land of £119,820 (2014 - £119,820) which is not depreciated.

MacKays of Dingwall Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

12. Fixed asset investments**Group**

	Listed investments £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2015	12,721	5,000	17,721
Additions	147	-	147
At 31 December 2015	12,868	5,000	17,868
Impairment			
At 1 January 2015	8,262	4,999	13,261
At 31 December 2015	8,262	4,999	13,261
Net book value			
At 31 December 2015	4,606	1	4,607
At 31 December 2014	4,459	1	4,460

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Autovision (Scotland) Limited	Scotland	Ordinary	66 %	Operation of the Vauxhall franchise dealership for Inverness and the surrounding area
MacKay's Garage and Agric. Co Limited	Scotland	Ordinary	100 %	Dormant

Listed investments

The fair value of the listed investments at 31 December 2015 was £4,606 (2014 -£4,459).

**Notes to the financial statements
For the Year Ended 31 December 2015**

12. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £	Listed investments £	Unlisted investments £	Total £
Cost or valuation				
At 1 January 2015	796,821	12,721	5,000	814,542
Additions	-	147	-	147
At 31 December 2015	796,821	12,868	5,000	814,689
Impairment				
At 1 January 2015	438,921	8,262	4,999	452,182
At 31 December 2015	438,921	8,262	4,999	452,182
Net book value				
At 31 December 2015	357,900	4,606	1	362,507
At 31 December 2014	357,900	4,459	1	362,360

13. Stocks

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Vehicle stock	3,487,045	3,959,552	1,047,614	1,110,684
Parts stock	198,390	245,279	81,416	65,890
	3,685,435	4,204,831	1,129,030	1,176,574

A charge is held over new vehicle stock as security for the amounts due to fund these vehicles.

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stocks recognised as an expense in the period were £19,362,941 (2014: £20,532,075) for the group.

**Notes to the financial statements
For the Year Ended 31 December 2015**

14. Debtors

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Trade debtors	730,178	1,087,370	222,195	258,864
Amounts owed by group undertakings	-	-	19,700	23,187
Other debtors	1,092,886	1,295,731	165,094	190,156
Prepayments and accrued income	52,783	10,566	52,783	10,566
	<u>1,875,847</u>	<u>2,393,667</u>	<u>459,772</u>	<u>482,773</u>

Amounts owed by group undertakings are unsecured and repayable on demand.

15. Cash and cash equivalents

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Cash at bank and in hand	1,319	1,004	995	550
Less: bank overdrafts	(359,815)	(1,210,701)	(24,193)	(102,791)
	<u>(358,496)</u>	<u>(1,209,697)</u>	<u>(23,198)</u>	<u>(102,241)</u>

16. Creditors: Amounts falling due within one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Bank overdrafts	359,815	1,210,701	24,193	102,791
Bank loans	90,292	91,116	50,413	51,237
Trade creditors	2,644,560	2,655,206	914,031	809,950
Corporation tax	-	18,284	-	18,284
Taxation and social security	41,326	33,073	4,350	-
Other creditors	726,570	976,026	84,210	182,788
Accruals and deferred income	24,412	5,890	30,252	11,730
	<u>3,886,975</u>	<u>4,990,296</u>	<u>1,107,449</u>	<u>1,176,780</u>

**Notes to the financial statements
For the Year Ended 31 December 2015**

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

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Bank loans	86,395	168,777	64,875	109,004
Net obligations under finance leases and hire purchase contracts	8,306	-	-	-
	<u>94,701</u>	<u>168,777</u>	<u>64,875</u>	<u>109,004</u>

18. Loans

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. The bank loans are repayable on a monthly basis, interest bearing and have maturity dates varying between December 2017 and March 2019.

Stocking loans amounting to £383,311 for group and £0 for company (2014 – group £684,1258, company £117,402), included within other creditors, are secure over vehicle stock.

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Amounts falling due within one year				
Bank loans	90,292	91,116	50,413	51,237
	<u>90,292</u>	<u>91,116</u>	<u>50,413</u>	<u>51,237</u>
Bank loans	86,395	168,777	64,875	109,004
	<u>86,395</u>	<u>168,777</u>	<u>64,875</u>	<u>109,004</u>

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2015 £	Group 2014 £
Within one year	8,180	8,180
Between 1-2 years	8,306	16,486
	<u>16,486</u>	<u>24,666</u>

**Notes to the financial statements
For the Year Ended 31 December 2015**

20. Financial instruments

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Financial assets				
Financial assets measured at fair value through profit or loss	1,319	1,005	995	551
Financial assets that are debt instruments measured at amortised cost	1,823,064	2,383,101	406,989	472,207
	<u>1,824,383</u>	<u>2,384,106</u>	<u>407,984</u>	<u>472,758</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(3,931,852)	(5,107,524)	(1,145,722)	(1,245,248)
	<u>(3,931,852)</u>	<u>(5,107,524)</u>	<u>(1,145,722)</u>	<u>(1,245,248)</u>

Financial assets measured at fair value through profit or loss comprise of cash and bank.

Financial assets measured at amortised cost comprise of trade and other debtors.

Financial Liabilities measured at amortised cost comprise of bank overdraft, bank loans, trade creditors, intercompany and other creditors.

21. Deferred taxation

Group	2015 £	2014 £
At beginning of year	(40,862)	(30,548)
Charged to the profit or loss	-	(10,314)
At end of year	<u>(40,862)</u>	<u>(40,862)</u>

MacKays of Dingwall Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

21. Deferred taxation (continued)**Company**

	2015 £	2014 £
At beginning of year	(22,274)	(8,086)
Charged to the profit or loss	-	(14,188)
At end of year	(22,274)	(22,274)

The provision for deferred taxation is made up as follows:

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Accelerated capital allowances	(40,862)	(40,862)	(22,274)	(22,274)

22. Share capital

	2015 £	2014 £
Shares classified as equity		
Allotted, called up and fully paid		
281,060 Ordinary Shares shares of £1 each	281,060	281,060

23. Reserves**Revaluation reserve**

The balance held in the revaluation reserve is from the revaluation of tangible fixed assets as at 31 December 1997.

24. Dividends

	2015 £	2014 £
Interim dividend paid	130,000	50,000

**Notes to the financial statements
For the Year Ended 31 December 2015**

25. Pension commitments

The group operates a defined contribution 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 £36,211 (2014 – £15,194). Contributions totalling £350 (2014 - £350) were payable to the fund at the balance sheet date and are included in creditors.

26. Commitments under operating leases

At 31 December 2015 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Not later than 1 year	106,914	102,654	31,994	29,007
Later than 1 year and not later than 5 years	280,799	262,300	95,983	116,028
Later than 5 years	1,111,500	1,140,000	-	-
Total	1,499,213	1,504,954	127,977	145,035

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 £nil (2014 - £45,000). Sales of goods and services during the year totalled £918 (2014 - £6,987). At 31 December 2015 the net amount due from Maison des Voiture was £nil (2014 - £625).

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 (2014 - £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 £598,854 (2014 - £552,352) and sales of goods and services amounted to £307,177 (2014 - £475,102). During the year the company received head office charges of £53,333 (2014 - £53,333) from Autovision (Scotland) Limited. As at 31 December 2015 the net amount due from Autovision (Scotland) Limited was £17,295 (2014 - £23,187). As at 31 December 2015 the company was due £6,403 (2014 - £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 £130,000 (2014 - £50,000) to the directors, as shareholders of the company.

**Notes to the financial statements
For the Year Ended 31 December 2015**

28. Controlling party

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

29. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

Transitional relief

On transition to FRS 102 from previous UK GAAP, the Company has taken advantage of transitional relief as follows:

Property revaluation

The Company has taken advantage of the transitioning provisions, as allowed under Section 35, to treat the carrying value of its properties as deemed cost.

Business combinations

The Group has elected not to apply Section 19 Business Combinations and Goodwill to business combinations that were effected before the date of transition to FRS 102. No adjustment has been made to the carrying value of goodwill and intangible assets subsumed within goodwill have not been separately recognised.

Investments in subsidiaries

The Company has elected to treat the carrying amount of investments in subsidiaries under previous UK GAAP at the date of transition as deemed cost on transition to FRS 102.