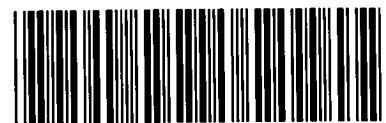


7-115052

Company Registration No. SC177001 (Scotland)

**MACKAYS OF DINGWALL LIMITED**  
**ANNUAL REPORT AND FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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# **MACKAYS OF DINGWALL LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Muir Mackay John Manson
<b>Secretary</b>	Joan McMillan
<b>Company number</b>	SC177001
<b>Registered office</b>	c/o Mackays of Dingwall Strathpeffer Road DINGWALL IV15 9QF
<b>Auditor</b>	Johnston Carmichael LLP Clava House Cradlehall Business Park INVERNESS IV2 5GH

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# **MACKAYS OF DINGWALL LIMITED**

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# MACKAYS OF DINGWALL LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present the strategic report for the year ended 31 December 2016.

### **Fair review of the business**

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

The sales of New Vehicles within the group was affected by the uncertainty within the general economy and in particular the downturn in Oil industry and the effect this has had on the local economy, Vauxhall the manufacturer has also been adversely affected by the fall in sterling during 2016 and this has resulted in both a drop in the number of new vehicles registered in the year as well as restricting available margin. The Group has shifted its focus towards a greater proportion of Used Vehicles in the mix of vehicles sold going into 2017.

The after sales side of the business has benefited from our customers holding onto their vehicles longer, with our Service Departments showing an increase in turnover of 13% in 2016.

The group is reporting a profit in the year, and has net assets of £2,352,185 at the balance sheet date.

### **Principal risks and uncertainties**

The Groups principal financial instruments comprise cash and cash equivalents. The Group does not undertake any form of hedging activity.

The principal financial risks to which the Group is exposed is credit risk in relation to debtors. The Group aims to mitigate liquidity risk by managing cash generated by its operations and actively managing stocks.

### **Key performance indicators**

We use a number of key performance indicators to aid the management of the day to day business, as a motor retailer we are provided with a summary of what similar sized dealerships are achieving in the Vauxhall network. We regularly review this in comparison to our own performance and look for any areas of underperformance.

The turnover was back 5% on the previous year from £22,401,104 in 2015 to £21,298,971 in 2016, this was wholly down to new registrations in the year with the Group back 140 units in 2016, all other area of the business showed growth in the year. The profitability has suffered as a result of this reduction in New Registrations with Gross profit falling from £1,101,173 in 2015 to £934,950 in 2016.

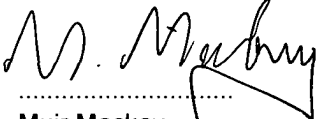
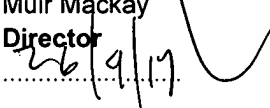
The Company continually looks to provide its goods and services in the most efficient manner possible without losing our focus on providing a quality experience for our customers. All costs are monitored and savings equating to 5.2% were identified in administration expenses during 2016.

### **Future developments**

The main consideration for the business is the recently announced purchase of all European businesses by Groupe PSA from GM. The Group see this as a positive and we are preparing the business to ensure it is ready to meet any future requirements from the new owners of the Vauxhall brand.

The Company is aware of the importance of e-marketing to complement its existing routes to market and fully utilises its website <http://www.scottishvauxhall.co.uk> to publicise all the great offers and services provided by the Group. We will continue to invest in and explore all options available to ensure that the company maximises its potential from all routes to market.

On behalf of the board

  
.....  
Muir Mackay  
Director  
  
.....

# **MACKAYS OF DINGWALL LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present their annual report and financial statements for the year ended 31 December 2016.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Muir Mackay  
John Manson

### **Results and dividends**

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £215,000. The directors do not recommend payment of a further dividend.

### **Future developments**

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

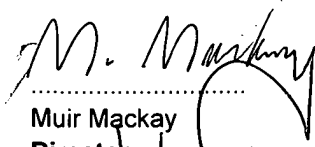
### **Auditor**

Johnston Carmichael were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board

  
.....  
Muir Mackay  
Director  
26/9/17

# **MACKAYS OF DINGWALL LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2016***

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The directors are responsible for preparing the Annual 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 group and company, 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **MACKAYS OF DINGWALL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF MACKAYS OF DINGWALL LIMITED**

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We have audited the financial statements of Mackays of Dingwall Limited for the year ended 31 December 2016 set out on pages 6 to 29. 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), including FRS 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

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 annual report 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 2016 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

# **MACKAYS OF DINGWALL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF MACKAYS OF DINGWALL LIMITED**

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and 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.

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.

*Johnston Carmichael LLP*

*26 September 2017.*

**Scott Jeffrey (Senior Statutory Auditor)**  
**for and on behalf of Johnston Carmichael LLP**

**Chartered Accountants**  
**Statutory Auditor**

Clava House  
Cradlehall Business Park  
INVERNESS  
IV2 5GH



# MACKAYS OF DINGWALL LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	21,298,971	22,401,104
Cost of sales		(20,364,021)	(21,299,931)
<b>Gross profit</b>		<b>934,950</b>	<b>1,101,173</b>
Administrative expenses		(850,140)	(896,874)
Other operating income		72,137	81,528
<b>Operating profit</b>	<b>4</b>	<b>156,947</b>	<b>285,827</b>
Interest receivable and similar income	8	15	-
Interest payable and similar expenses	9	(88,411)	(82,343)
<b>Profit before taxation</b>		<b>68,551</b>	<b>203,484</b>
Taxation	10	(57,502)	-
<b>Profit for the financial year</b>	<b>25</b>	<b>11,049</b>	<b>203,484</b>
Profit for the financial year is attributable to:			
- Owners of the parent company		36,379	181,045
- Non-controlling interests		(25,330)	22,439
		<b>11,049</b>	<b>203,484</b>
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		36,379	181,045
- Non-controlling interests		(25,330)	22,439
		<b>11,049</b>	<b>203,484</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

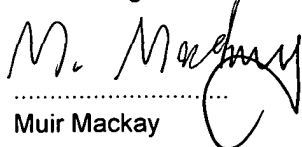
# MACKAYS OF DINGWALL LIMITED

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	12	959,628		1,011,466	
Investments	13	4,607		4,607	
			964,235		1,016,073
<b>Current assets</b>					
Stocks	16	3,927,898		3,685,435	
Debtors falling due after one year	17	908,500		-	
Debtors falling due within one year	17	995,460		1,875,847	
Cash at bank and in hand		1,545		1,319	
			5,833,403		5,562,601
<b>Creditors: amounts falling due within one year</b>	18	(4,403,069)		(3,886,975)	
<b>Net current assets</b>			1,430,334		1,675,626
<b>Total assets less current liabilities</b>			2,394,569		2,691,699
<b>Creditors: amounts falling due after more than one year</b>	19		(19,570)		(94,701)
<b>Provisions for liabilities</b>	22		(22,814)		(40,862)
<b>Net assets</b>			2,352,185		2,556,136
<b>Capital and reserves</b>					
Called up share capital	24	281,060		281,060	
Revaluation reserve	25	18,216		18,216	
Profit and loss reserves	25	1,521,767		1,690,388	
<b>Equity attributable to owners of the parent company</b>			1,821,043		1,989,664
<b>Non-controlling interests</b>			531,142		566,472
			2,352,185		2,556,136

The financial statements were approved by the board of directors and authorised for issue on 26/9/17 and are signed on its behalf by:

  
Muir Mackay  
Director

# MACKAYS OF DINGWALL LIMITED

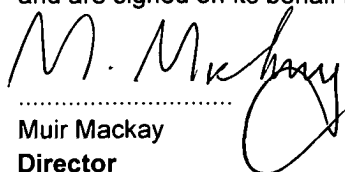
## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	12		437,387		462,336
Investments	13		362,507		362,507
			<u>799,894</u>		<u>824,843</u>
<b>Current assets</b>					
Stocks	16	1,110,654		1,129,030	
Debtors falling due after one year	17	110,000		-	
Debtors falling due within one year	17	328,468		459,772	
Cash at bank and in hand		1,083		995	
		<u>1,550,205</u>		<u>1,589,797</u>	
<b>Creditors: amounts falling due within one year</b>	18	(1,195,958)		(1,107,449)	
<b>Net current assets</b>			<u>354,247</u>		<u>482,348</u>
<b>Total assets less current liabilities</b>			<u>1,154,141</u>		<u>1,307,191</u>
<b>Creditors: amounts falling due after more than one year</b>	19		(19,570)		(64,875)
<b>Provisions for liabilities</b>	22		(14,054)		(22,274)
<b>Net assets</b>			<u>1,120,517</u>		<u>1,220,042</u>
<b>Capital and reserves</b>					
Called up share capital	24		281,060		281,060
Profit and loss reserves	25		839,457		938,982
<b>Total equity</b>			<u>1,120,517</u>		<u>1,220,042</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £105,475 (2015 - £142,968 profit).

The financial statements were approved by the board of directors and authorised for issue on 26/9/17 and are signed on its behalf by:

  
Muir Mackay  
Director

Company Registration No. SC177001

# MACKAYS OF DINGWALL LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital	Revaluation reserve	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
Notes	£	£	£	£	£	£
Balance at 1 January 2015	281,060	18,216	1,639,343	1,938,619	544,033	2,482,652
<b>Year ended 31 December 2015:</b>						
Profit and total comprehensive income for the year	-	-	181,045	181,045	22,439	203,484
Dividends	-	-	(130,000)	(130,000)	-	(130,000)
Balance at 31 December 2015	281,060	18,216	1,690,388	1,989,664	566,472	2,556,136
<b>Year ended 31 December 2016:</b>						
Profit and total comprehensive income for the year	-	-	36,379	36,379	(25,330)	11,049
Dividends	-	-	(205,000)	(205,000)	(10,000)	(215,000)
Balance at 31 December 2016	281,060	18,216	1,521,767	1,821,043	531,142	2,352,185

# MACKAYS OF DINGWALL LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2015</b>		281,060	926,014	1,207,074
<b>Year ended 31 December 2015:</b>				
Profit and total comprehensive income for the year		-	142,968	142,968
Dividends	11	-	(130,000)	(130,000)
<b>Balance at 31 December 2015</b>		281,060	938,982	1,220,042
<b>Year ended 31 December 2016:</b>				
Profit and total comprehensive income for the year		-	105,475	105,475
Dividends	11	-	(205,000)	(205,000)
<b>Balance at 31 December 2016</b>		281,060	839,457	1,120,517

# MACKAYS OF DINGWALL LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	30	460,178		1,154,047	
Interest paid		(88,411)		(82,343)	
Income taxes paid		(53,503)		(18,284)	
<b>Net cash inflow from operating activities</b>		<b>318,264</b>		<b>1,053,420</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(15,091)		(78,837)	
Proceeds on disposal of tangible fixed assets		4,738		81,665	
Proceeds on disposal of fixed asset investments		-		(147)	
Proceeds from other investments and loans		(2,330)		-	
Interest received		15		-	
<b>Net cash (used in)/generated from investing activities</b>		<b>(12,668)</b>		<b>2,681</b>	
<b>Financing activities</b>					
Repayment of bank loans		(85,967)		(83,206)	
Payment of finance leases obligations		(10,307)		8,306	
Dividends paid to equity shareholders		(205,000)		(130,000)	
Dividends paid to non-controlling interests		(10,000)		-	
<b>Net cash used in financing activities</b>		<b>(311,274)</b>		<b>(204,900)</b>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(5,678)</b>		<b>851,201</b>	
Cash and cash equivalents at beginning of year		(358,496)		(1,209,697)	
<b>Cash and cash equivalents at end of year</b>		<b>(364,174)</b>		<b>(358,496)</b>	
<b>Relating to:</b>					
Cash at bank and in hand		1,545		1,319	
Bank overdrafts included in creditors payable within one year		(365,719)		(359,815)	

# **MACKAYS OF DINGWALL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### **1 Accounting policies**

#### **Company information**

Mackays of Dingwall Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is c/o Mackays of Dingwall, Strathpeffer Road, DINGWALL, IV15 9QF.

The group consists of Mackays of Dingwall Limited and all of its subsidiaries.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosure.

The consolidated financial statements incorporate those of Mackays of Dingwall Limited and all of its subsidiary undertakings.

All financial statements are made up to 31 December 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### **1.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

The sale of motor vehicles are recognised when the significant risks and rewards of ownership have been transferred to the buyer. Sales of parts and accessories are recognised on delivery to the customer. Servicing sales are recognised in completion of the agreed work.

# **MACKAYS OF DINGWALL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

---

### **1 Accounting policies**

**(Continued)**

#### **1.4 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	Straight line over 50 years
Land and buildings Leasehold	Straight line over 60 years
Plant and machinery	15-30% straight line or 20% reducing balance
Fixtures, fittings & equipment	15-30% straight line or reducing balance

Land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit or loss.

#### **1.5 Fixed asset investments**

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### **1.6 Impairment of fixed assets**

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **1.7 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises all costs incurred in bringing each product to their present location and condition.

Vehicles and parts are recognised on a first in, first out basis.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### **1.8 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.



# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 1 Accounting policies

(Continued)

##### 1.9 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

##### 1.10 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

##### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.14 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Vehicle stock

Vehicle stock is valued at the lower of cost and net realisable value. This includes any provision for slow moving or obsolete stock. Calculation of such provisions requires judgements to be made on various aspects of stock, based on a combination of sector material, used car pricing and general experience and understanding of the motor trade.

The value of year end vehicle stock is £3,766,974 (2015 - £3,487,045)

### 3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2016 £	2015 £
<b>Turnover</b>		
Sales of vehicles	17,976,721	19,825,465
Parts, service and masterfit	3,322,250	2,575,639
	<u>21,298,971</u>	<u>22,401,104</u>

All turnover arose within the United Kingdom.

### 4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	62,191	64,331
Cost of stocks recognised as an expense	19,019,680	20,025,708
Operating lease charges	28,500	28,500
	<u></u>	<u></u>

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 5 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	9,500	7,000
Audit of the financial statements of the company's subsidiaries	8,700	6,000
	<u>18,200</u>	<u>13,000</u>

### 6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2016 Number	2015 Number	Company 2016 Number	2015 Number
Sales and servicing staff	49	50	19	19
Administrative staff	13	11	9	9
	<u>62</u>	<u>61</u>	<u>28</u>	<u>28</u>

Their aggregate remuneration comprised:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Wages and salaries	1,450,669	1,418,888	583,273	574,796
Social security costs	129,518	109,430	48,455	30,545
Pension costs	39,289	27,026	19,495	8,650
	<u>1,619,476</u>	<u>1,555,344</u>	<u>651,223</u>	<u>613,991</u>

### 7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	38,516	35,588
Company pension contributions to defined contribution schemes	4,200	4,200
	<u>42,716</u>	<u>39,788</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2015 - 2).

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 8 Interest receivable and similar income

	2016 £	2015 £
<b>Interest income</b>		
Interest on bank deposits	15	-

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	15	-
--	----	---

### 9 Interest payable and similar expenses

	2016 £	2015 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	26,585	31,006
Other interest on financial liabilities	61,826	51,337
	88,411	82,343

### 10 Taxation

	2016 £	2015 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	33,782	-
Adjustments in respect of prior periods	41,768	-
Total current tax	75,550	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	(5,638)	-
Adjustment in respect of prior periods	(12,410)	-
Total deferred tax	(18,048)	-
<b>Total tax charge</b>	57,502	-

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	68,551	203,484
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	13,710	40,697
Tax effect of expenses that are not deductible in determining taxable profit	26	-
Adjustments in respect of prior years	10,016	-
Group relief	4,000	-
Under/(over) provided in prior years	31,752	(40,697)
Deferred tax adjustments in respect of prior years	(9,433)	-
Fixed asset differences	3,429	-
Losses carried back	9,548	-
Adjust deferred tax to average rate	(5,546)	-
Taxation charge for the year	57,502	-

### 11 Dividends

	2016 £	2015 £
Interim paid	215,000	130,000

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 12 Tangible fixed assets

Group	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>					
At 1 January 2016	439,824	637,231	456,355	100,773	1,634,183
Additions	1,172	-	12,498	1,421	15,091
Disposals	-	-	(4,798)	-	(4,798)
At 31 December 2016	440,996	637,231	464,055	102,194	1,644,476
<b>Depreciation and impairment</b>					
At 1 January 2016	86,808	156,951	343,134	35,824	622,717
Depreciation charged in the year	6,566	10,620	32,875	12,130	62,191
Eliminated in respect of disposals	-	-	(60)	-	(60)
At 31 December 2016	93,374	167,571	375,949	47,954	684,848
<b>Carrying amount</b>					
At 31 December 2016	347,622	469,660	88,106	54,240	959,628
At 31 December 2015	353,016	480,280	113,221	64,949	1,011,466
<b>Company</b>		Land and buildings Freehold £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>					
At 1 January 2016		439,824	156,348	100,773	696,945
Additions		1,172	7,045	1,421	9,638
Disposals		-	(4,798)	-	(4,798)
At 31 December 2016		440,996	158,595	102,194	701,785
<b>Depreciation and impairment</b>					
At 1 January 2016		86,808	111,977	35,824	234,609
Depreciation charged in the year		6,566	11,153	12,130	29,849
Eliminated in respect of disposals		-	(60)	-	(60)
At 31 December 2016		93,374	123,070	47,954	264,398
<b>Carrying amount</b>					
At 31 December 2016		347,622	35,525	54,240	437,387
At 31 December 2015		353,016	44,371	64,949	462,336

# **MACKAYS OF DINGWALL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2016**

### **12 Tangible fixed assets**

**(Continued)**

The carrying value of land and buildings comprises:

	<b>Group 2016 £</b>	<b>2015 £</b>	<b>Company 2016 £</b>	<b>2015 £</b>
Freehold land not depreciated	119,800	119,820	119,800	119,820

### **13 Fixed asset investments**

	<b>Notes</b>	<b>Group 2016 £</b>	<b>2015 £</b>	<b>Company 2016 £</b>	<b>2015 £</b>
Investments in subsidiaries	<b>14</b>	-	-	357,900	357,900
Listed investments		4,606	4,606	4,606	4,606
Unlisted investments		1	1	1	1
		<u>4,607</u>	<u>4,607</u>	<u>362,507</u>	<u>362,507</u>
<b>Listed investments included above:</b>					
Listed investments carrying amount		<u>4,606</u>	<u>4,606</u>	<u>4,606</u>	<u>4,606</u>

#### **Movements in fixed asset investments**

<b>Group</b>	<b>Investments other than loans £</b>
<b>Cost or valuation</b>	
At 1 January 2016 and 31 December 2016	<u>9,606</u>
<b>Impairment</b>	
At 1 January 2016 and 31 December 2016	<u>4,999</u>
<b>Carrying amount</b>	
At 31 December 2016	<u>4,607</u>
At 31 December 2015	<u>4,607</u>



# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 13 Fixed asset investments

(Continued)

#### Movements in fixed asset investments

Company	Shares in group undertakings	Other investments other than loans	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 January 2016 and 31 December 2016	796,821	9,606	806,427
<b>Impairment</b>			
At 1 January 2016 and 31 December 2016	438,921	4,999	443,920
<b>Carrying amount</b>			
At 31 December 2016	357,900	4,607	362,507
At 31 December 2015	357,900	4,607	362,507

### 14 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Autovision (Scotland) Limited	Scotland		Ordinary	66.00
Mackay's Garage and Agric. Co Limited	Scotland		Ordinary	100.00

The registered office of both Autovision (Scotland) Limited and Mackay's Garage and Agric. Co. Limited is Strathpeffer Road, Dingwall, IV15 9QF.

### 15 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	1,836,720	1,823,064	381,288	406,989
Equity instruments measured at cost less impairment	4,607	4,607	4,607	4,607
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	4,298,491	3,940,350	1,131,459	1,167,974

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 16 Stocks

	Group 2016 £	2015 £	Company 2016 £	2015 £
Raw materials and consumables	160,924	198,390	74,258	81,416
Finished goods and goods for resale	3,766,974	3,487,045	1,036,396	1,047,614
	<u>3,927,898</u>	<u>3,685,435</u>	<u>1,110,654</u>	<u>1,129,030</u>

### 17 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
<b>Amounts falling due within one year:</b>				
Trade debtors	675,972	730,178	225,631	222,195
Corporation tax recoverable	11,735	-	1,675	-
Amounts due from group undertakings	-	-	8,789	19,700
Other debtors	252,248	1,092,886	36,868	165,094
Prepayments and accrued income	55,505	52,783	55,505	52,783
	<u>995,460</u>	<u>1,875,847</u>	<u>328,468</u>	<u>459,772</u>

#### Amounts falling due after more than one year:

Other debtors	<u>908,500</u>	<u>-</u>	<u>110,000</u>	<u>-</u>
<b>Total debtors</b>	<u>1,903,960</u>	<u>1,875,847</u>	<u>438,468</u>	<u>459,772</u>

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 18 Creditors: amounts falling due within one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	20	436,869	450,107	208,157	74,606
Obligations under finance leases	21	6,179	8,180	-	-
Trade creditors		2,635,319	2,644,560	719,642	914,031
Amounts due to group undertakings		-	-	30,827	22,252
Corporation tax payable		33,782	-	33,782	-
Other taxation and social security		90,366	41,326	50,287	4,350
Other creditors		1,173,197	718,390	120,066	61,958
Accruals and deferred income		27,357	24,412	33,197	30,252
		<u>4,403,069</u>	<u>3,886,975</u>	<u>1,195,958</u>	<u>1,107,449</u>

Obligations under finance leases are secured against the assets to which they relate.

Stocking loans amounting to £961,066 (2015 - £383,311) are secured over vehicle stock.

### 19 Creditors: amounts falling due after more than one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	20	19,570	86,395	19,570	64,875
Obligations under finance leases	21	-	8,306	-	-
		<u>19,570</u>	<u>94,701</u>	<u>19,570</u>	<u>64,875</u>

Obligations under finance leases are secured against the assets to which they relate.

### 20 Loans and overdrafts

	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans	90,720	176,687	68,370	115,288
Bank overdrafts	365,719	359,815	159,357	24,193
	<u>456,439</u>	<u>536,502</u>	<u>227,727</u>	<u>139,481</u>
Payable within one year	436,869	450,107	208,157	74,606
Payable after one year	19,570	86,395	19,570	64,875

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 20 Loans and overdrafts

(Continued)

Bank loans and overdrafts are secured by a standard security over the garage showrooms at Dingwall owned by the company, and 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, with interest payable at 1.5% above base rate and 4.09% above base rate and have maturity dates in December 2017 and February 2018.

### 21 Finance lease obligations

	Group 2016 £	2015 £	Company 2016 £	2015 £
Future minimum lease payments due under finance leases:				
Within one year	6,179	8,180	-	-
In two to five years	-	8,306	-	-
	<u>6,179</u>	<u>16,486</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2016 £	Liabilities 2015 £
<b>Group</b>		
Accelerated capital allowances	22,873	41,022
Tax losses	-	(160)
Short term timing differences	(59)	-
	<u>22,814</u>	<u>40,862</u>
	Liabilities 2016 £	Liabilities 2015 £
<b>Company</b>		
Accelerated capital allowances	14,113	22,274
Short term timing differences	(59)	-
	<u>14,054</u>	<u>22,274</u>

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 22 Deferred taxation (Continued)

	Group 2016 £	Company 2016 £
<b>Movements in the year:</b>		
Liability at 1 January 2016	40,862	22,274
Credit to profit or loss	17,334	7,506
Liability at 31 December 2016	<u>23,528</u>	<u>14,768</u>

### 23 Retirement benefit schemes

	2016 £	2015 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>39,289</u>	<u>27,026</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 24 Share capital

	Group and company 2016 £	2015 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
281,060 ordinary shares of £1 each	<u>281,060</u>	<u>281,060</u>

Ordinary shares carry full voting rights but no right to income or repayment of capital. Distributions are at the discretion of the company.

### 25 Reserves

#### Revaluation reserve

Revaluation reserve represents increases in the historical valuation of tangible fixed assets as at 31 December 1997.

#### Profit and loss reserves

Retained earnings represent accumulated profits less distributions and transfers from other reserves,

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 26 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Within one year	68,410	161,250	5,705	5,705
Between two and five years	270,428	398,972	8,964	14,669
In over five years	3,226,666	2,223,000	-	-
	<u>3,565,504</u>	<u>2,783,222</u>	<u>14,669</u>	<u>20,374</u>

Amounts noted above includes amounts due on a lease due to expire in 2072.

### 27 Events after the reporting date

Subsequent to the year end, dividends of £30,000 have been declared.

### 28 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2016 £	2015 £
Aggregate compensation	<u>45,317</u>	<u>39,788</u>

#### Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sale of goods 2016 £	2015 £	Purchase of goods 2016 £	2015 £
<b>Company</b>				
Entities over which the company has control, joint control or significant influence	504,888	307,177	810,723	598,854
Other related parties	<u>329,750</u>	<u>-</u>	<u>440,371</u>	<u>-</u>

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 28 Related party transactions

(Continued)

	2016 £	2015 £
<b>Company</b>		
Entities over which the entity has control, joint control or significant influence	53,333	53,333

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2016 Balance £	2015 Balance £
<b>Group</b>		
Key management personnel	2,330	-
Other related parties	908,500	915,373
<b>Company</b>		
Entities over which the company has control, joint control or significant influence	5,848	17,295
Other related parties	116,104	110,000

Other related parties represent other entities owned by certain directors. Sales to other related parties represent those undertaken in the ordinary course of business and amounts owed from other related parties are included within debtors at the year end.

These balances are interest free and have no fixed terms of repayment. No security has been provided on any balances.

### 29 Directors' transactions

Dividends totalling £205,000 (2015 - £130,000) were paid in the year in respect of shares held by the company's directors.

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**30 Cash generated from group operations**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Profit for the year after tax	11,049	203,484
Adjustments for:		
Taxation charged	57,502	-
Finance costs	88,411	82,343
Investment income	(15)	-
Depreciation and impairment of tangible fixed assets	62,191	64,331
Movements in working capital:		
(Increase)/decrease in stocks	(242,463)	519,396
(Increase)/decrease in debtors	(14,048)	517,820
Increase/(decrease) in creditors	497,551	(233,327)
<b>Cash generated from operations</b>	<b>460,178</b>	<b>1,154,047</b>