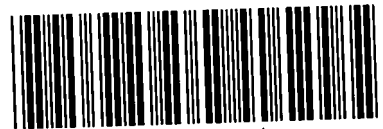


Group Co House

Company Registration No. SC177001 (Scotland)

MACKAYS OF DINGWALL LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

FRIDAY



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28/09/2018
COMPANIES HOUSE

MACKAYS OF DINGWALL LIMITED

COMPANY INFORMATION

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

MACKAYS OF DINGWALL LIMITED

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MACKAYS OF DINGWALL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017.

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 continue to be adversely affected by the level of 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 and this has resulted in an increased cost base, which has restricted their ability to market the new product as effectively as they have in the past.

The Group has targeted an improvement in the margin achieved whilst developing and extending good relations with both Vauxhall and our existing customer base and has shifted its focus towards a greater proportion of Used Vehicles in the mix of vehicles sold in 2017 and into 2018.

Further information on the wide range of vehicles and services provided can be obtained from our website <https://www.scottishvauxhall.co.uk>.

The group is reporting a profit in the year, and has net assets of £1,789,954 (2016 - £1,821,043) at the balance sheet date.

Principal risks and uncertainties

The Group's 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.

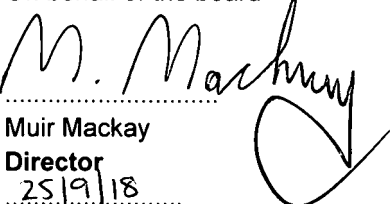
The turnover was back 12% on the previous year from £21,298,971 in 2016 to £18,810,291 in 2017, this was due to a change in market conditions and a change in the mix of vehicles sold. The profitability has suffered as a result of this reduction in turnover but the company has improved the Gross Margin achieved with Gross Profit falling from £934,950 (4.4%) in 2016 to £884,234 (4.7%) in 2017.

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.

Future developments

Our manufacturer Vauxhall has changed ownership from General Motors to Groupe PSA and in the medium to long term the Group see this as a positive note for the business, however we may have small hurdles to overcome in the short term.

On behalf of the board


Muir Mackay
Director
25/9/18

MACKAYS OF DINGWALL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

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 7.

Ordinary dividends were paid amounting to £40,000. The directors do not recommend payment of a further dividend.

Post reporting date events

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

Future developments

The directors aim to maintain and increase the company's market share by continuing to offer a high quality product and aftercare service to all clients.

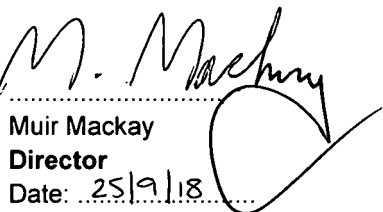
Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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 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 is aware of that information.

On behalf of the board


Muir Mackay
Director
Date: 25/9/18

MACKAYS OF DINGWALL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Opinion

We have audited the financial statements of Mackays of Dingwall Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise The Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MACKAYS OF DINGWALL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MACKAYS OF DINGWALL LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the 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.

Matters on which we are required to report by exception

In the light of our 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

MACKAYS OF DINGWALL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MACKAYS OF DINGWALL LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Scott Jeffrey (Senior Statutory Auditor)
for and on behalf of

25 September 2018

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 2017

	Notes	2017 £	2016 £
Turnover	3	18,810,291	21,298,971
Cost of sales		(17,926,057)	(20,364,021)
Gross profit		884,234	934,950
Administrative expenses		(851,687)	(850,140)
Other operating income		37,452	72,137
Operating profit	4	69,999	156,947
Interest receivable and similar income	8	-	15
Interest payable and similar expenses	9	(62,868)	(88,411)
Profit before taxation		7,131	68,551
Tax on profit	10	(5,532)	(57,502)
Profit for the financial year	24	1,599	11,049
Profit for the financial year is attributable to:			
- Owners of the parent company		9,678	36,379
- Non-controlling interests		(8,079)	(25,330)
		1,599	11,049
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		9,678	36,379
- Non-controlling interests		(8,079)	(25,330)
		1,599	11,049

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

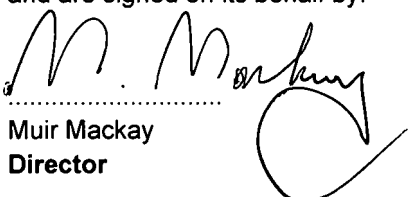
MACKAYS OF DINGWALL LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	12	921,373		959,628	
Investments	13	4,607		4,607	
		<u>925,980</u>		<u>964,235</u>	
Current assets					
Stocks	16	3,694,246		3,927,898	
Debtors falling due after more than one year	17	907,167		908,500	
Debtors falling due within one year	17	935,812		995,460	
Cash at bank and in hand		971		1,545	
		<u>5,538,196</u>		<u>5,833,403</u>	
Creditors: amounts falling due within one year	18	<u>(4,143,685)</u>		<u>(4,403,069)</u>	
Net current assets		<u>1,394,511</u>		<u>1,430,334</u>	
Total assets less current liabilities		<u>2,320,491</u>		<u>2,394,569</u>	
Creditors: amounts falling due after more than one year	19	-		(19,570)	
Provisions for liabilities	21	(18,060)		(22,814)	
Net assets		<u>2,302,431</u>		<u>2,352,185</u>	
Capital and reserves					
Called up share capital	23	281,060		281,060	
Revaluation reserve	24	18,216		18,216	
Profit and loss reserves	24	1,490,678		1,521,767	
Equity attributable to owners of the parent company		<u>1,789,954</u>		<u>1,821,043</u>	
Non-controlling interests		<u>512,477</u>		<u>531,142</u>	
		<u>2,302,431</u>		<u>2,352,185</u>	

The financial statements were approved by the board of directors and authorised for issue on 25/9/18 and are signed on its behalf by:


Muir Mackay
Director

MACKAYS OF DINGWALL LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	12	417,930		437,387	
Investments	13	373,860		362,507	
			791,790		799,894
Current assets					
Stocks	16	1,054,788		1,110,654	
Debtors falling due after more than one year	17	110,000		110,000	
Debtors falling due within one year	17	256,113		328,468	
Cash at bank and in hand		663		1,083	
			1,421,564		1,550,205
Creditors: amounts falling due within one year	18	(1,095,138)		(1,195,958)	
Net current assets			326,426		354,247
Total assets less current liabilities			1,118,216		1,154,141
Creditors: amounts falling due after more than one year	19		-		(19,570)
Provisions for liabilities	21		(11,862)		(14,054)
Net assets			1,106,354		1,120,517
Capital and reserves					
Called up share capital	23	281,060		281,060	
Profit and loss reserves	24	825,294		839,457	
Total equity			1,106,354		1,120,517

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 £25,837 (2016 - £105,475 profit).

The financial statements were approved by the board of directors and authorised for issue on 25/9/18 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 2017

	Share capital	Revaluation reserve	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
Notes	£	£	£	£	£	£
Balance at 1 January 2016	281,060	18,216	1,690,388	1,989,664	566,472	2,556,136
Year ended 31 December 2016:						
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
Year ended 31 December 2017:						
Profit and total comprehensive income for the year	-	-	9,678	9,678	(8,079)	1,599
Dividends	-	-	(40,000)	(40,000)	-	(40,000)
Other movements	-	-	(767)	(767)	(10,586)	(11,353)
Balance at 31 December 2017	281,060	18,216	1,490,678	1,789,954	512,477	2,302,431

MACKAYS OF DINGWALL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2016		281,060	938,982	1,220,042
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	105,475	105,475
Dividends	11	-	(205,000)	(205,000)
Balance at 31 December 2016		281,060	839,457	1,120,517
Year ended 31 December 2017:				
Profit and total comprehensive income for the year		-	25,837	25,837
Dividends	11	-	(40,000)	(40,000)
Balance at 31 December 2017		281,060	825,294	1,106,354

MACKAYS OF DINGWALL LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	29		330,433		460,178
Interest paid			(62,868)		(88,411)
Income taxes paid			(43,460)		(53,503)
Net cash inflow from operating activities			<u>224,105</u>		<u>318,264</u>
Investing activities					
Purchase of tangible fixed assets		(19,312)		(15,091)	
Proceeds on disposal of tangible fixed assets		416		4,738	
Proceeds from other investments and loans		2,330		(2,330)	
Interest received		-		15	
Net cash used in investing activities			<u>(16,566)</u>		<u>(12,668)</u>
Financing activities					
Repayment of bank loans		(71,400)		(85,967)	
Payment of finance leases obligations		(6,179)		(10,307)	
Dividends paid to equity shareholders		(40,000)		(205,000)	
Dividends paid to non-controlling interests		-		(10,000)	
Net cash used in financing activities			<u>(117,579)</u>		<u>(311,274)</u>
Net increase/(decrease) in cash and cash equivalents			89,960		(5,678)
Cash and cash equivalents at beginning of year			<u>(364,174)</u>		<u>(358,496)</u>
Cash and cash equivalents at end of year			<u>(274,214)</u>		<u>(364,174)</u>
Relating to:					
Cash at bank and in hand			971		1,545
Bank overdrafts included in creditors payable within one year			<u>(275,185)</u>		<u>(365,719)</u>

MACKAYS OF DINGWALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

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 2017. 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.

MACKAYS OF DINGWALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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.

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:

Freehold buildings	Straight line over 50 years
Leasehold buildings	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.

Parts are recognised on a first in, first out basis.

MACKAYS OF DINGWALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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 at bank and in hand

Cash at bank and in hand 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.

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.

MACKAYS OF DINGWALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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.

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 2017

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 £3,472,334 (2016 - £3,766,974).

3 Turnover and other revenue

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

	2017 £	2016 £
Turnover analysed by class of business		
Sales of vehicles	16,538,167	17,976,721
Parts, service and masterfit	2,272,124	3,322,250
	<u>18,810,291</u>	<u>21,298,971</u>

All turnover arose within the United Kingdom.

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	57,151	62,191
Cost of stocks recognised as an expense	16,615,161	19,019,680
Operating lease charges	28,500	28,500
	<u>16,690,812</u>	<u>19,110,371</u>

MACKAYS OF DINGWALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

5 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	9,800	9,500
Audit of the financial statements of the company's subsidiaries	9,000	8,700
	<u>18,800</u>	<u>18,200</u>

6 Employees

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

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Sales and servicing staff	46	49	19	19
Administrative staff	14	13	9	9
	<u>60</u>	<u>62</u>	<u>28</u>	<u>28</u>

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	1,443,929	1,450,669	581,568	583,273
Social security costs	128,213	129,518	47,357	48,455
Pension costs	41,174	39,289	20,535	19,495
	<u>1,613,316</u>	<u>1,619,476</u>	<u>649,460</u>	<u>651,223</u>

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	42,017	38,516
Company pension contributions to defined contribution schemes	4,389	4,200
	<u>46,406</u>	<u>42,716</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 2).

MACKAYS OF DINGWALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

8 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	-	15
	<u> </u>	<u> </u>

9 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and loans	17,395	26,585
Other interest on financial liabilities	45,473	61,826
	<u> </u>	<u> </u>
Total finance costs	62,868	88,411
	<u> </u>	<u> </u>

10 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	10,286	33,782
Adjustments in respect of prior periods	-	41,768
	<u> </u>	<u> </u>
Total current tax	10,286	75,550
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	(4,755)	(5,638)
Adjustment in respect of prior periods	1	(12,410)
	<u> </u>	<u> </u>
Total deferred tax	(4,754)	(18,048)
	<u> </u>	<u> </u>
 Total tax charge for the year	 5,532	 57,502
	<u> </u>	<u> </u>

MACKAYS OF DINGWALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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:

	2017 £	2016 £
Profit before taxation	7,131	68,551
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	1,373	13,710
Tax effect of expenses that are not deductible in determining taxable profit	231	26
Adjustments in respect of prior years	-	10,016
Group relief	-	4,000
Under/(over) provided in prior years	-	31,752
Deferred tax adjustments in respect of prior years	-	(9,433)
Fixed asset differences	3,300	3,429
Losses carried back	-	9,548
Adjust deferred tax to average rate	628	(5,546)
Taxation charge for the year	5,532	57,502

11 Dividends

	2017 £	2016 £
Interim paid	40,000	215,000

MACKAYS OF DINGWALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

12 Tangible fixed assets

Group	Freehold buildings	Leasehold buildings	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2017	440,996	637,231	464,055	102,194	1,644,476
Additions	-	-	11,050	8,262	19,312
Disposals	-	-	(1,188)	-	(1,188)
At 31 December 2017	440,996	637,231	473,917	110,456	1,662,600
Depreciation and impairment					
At 1 January 2017	93,374	167,571	375,949	47,954	684,848
Depreciation charged in the year	6,566	10,621	28,238	11,726	57,151
Eliminated in respect of disposals	-	-	(772)	-	(772)
At 31 December 2017	99,940	178,192	403,415	59,680	741,227
Carrying amount					
At 31 December 2017	341,056	459,039	70,502	50,776	921,373
At 31 December 2016	347,622	469,660	88,106	54,240	959,628
Company		Freehold buildings	Plant and machinery	Fixtures, fittings & equipment	Total
		£	£	£	£
Cost					
At 1 January 2017		440,996	158,595	102,194	701,785
Additions		-	-	8,262	8,262
At 31 December 2017		440,996	158,595	110,456	710,047
Depreciation and impairment					
At 1 January 2017		93,374	123,070	47,954	264,398
Depreciation charged in the year		6,566	9,427	11,726	27,719
At 31 December 2017		99,940	132,497	59,680	292,117
Carrying amount					
At 31 December 2017		341,056	26,098	50,776	417,930
At 31 December 2016		347,622	35,525	54,240	437,387

MACKAYS OF DINGWALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

12. Tangible fixed assets

(Continued)

The carrying value of land and buildings comprises:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Freehold land not depreciated	119,800	119,800	119,800	119,800

13. Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	14	-	-	369,253	357,900
Listed investments		4,606	4,606	4,606	4,606
Unlisted investments		1	1	1	1
		4,607	4,607	373,860	362,507

Listed investments included above:

Listed investments carrying amount	4,606	4,606	4,606	4,606
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Movements in fixed asset investments Group

	Investments other than loans £
Cost or valuation	
At 1 January 2017 and 31 December 2017	9,606
Impairment	
At 1 January 2017 and 31 December 2017	4,999
Carrying amount	
At 31 December 2017	4,607
At 31 December 2016	4,607

MACKAYS OF DINGWALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

13 Fixed asset investments

(Continued)

Movements in fixed asset investments Company

	Shares in group undertakings	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 1 January 2017	796,821	9,606	806,427
Additions	11,353	-	11,353
	<u>808,174</u>	<u>9,606</u>	<u>817,780</u>
At 31 December 2017			
Impairment			
At 1 January 2017 and 31 December 2017	438,921	4,999	443,920
	<u>438,921</u>	<u>4,999</u>	<u>443,920</u>
Carrying amount			
At 31 December 2017	369,253	4,607	373,860
	<u>369,253</u>	<u>4,607</u>	<u>373,860</u>
At 31 December 2016	357,900	4,607	362,507
	<u>357,900</u>	<u>4,607</u>	<u>362,507</u>

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Autovision (Scotland) Limited	Scotland	Operation of the Vauxhall franchise dealership for Inverness and the surrounding area	Ordinary	67	
Mackay's Garage and Agric. Co Limited	Scotland	Dormant	Ordinary	100	

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

MACKAYS OF DINGWALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

15 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,803,803	1,836,720	n/a	n/a
Equity instruments measured at cost less impairment	4,607	4,607	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	3,639,584	4,298,491	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

16 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Parts stock	221,912	160,924	83,405	74,258
Vehicle stock	3,472,334	3,766,974	971,383	1,036,396
	3,694,246	3,927,898	1,054,788	1,110,654

17 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
Amounts falling due within one year:				
Trade debtors	578,476	675,972	148,726	225,631
Corporation tax recoverable	10,060	11,735	-	1,675
Amounts owed by group undertakings	-	-	25,980	8,789
Other debtors	318,160	252,248	52,291	36,868
Prepayments and accrued income	29,116	55,505	29,116	55,505
	935,812	995,460	256,113	328,468
Amounts falling due after more than one year:				
Other debtors	907,167	908,500	110,000	110,000
Total debtors	1,842,979	1,903,960	366,113	438,468

MACKAYS OF DINGWALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

18 Creditors: amounts falling due within one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	20	294,505	436,869	119,329	208,157
Obligations under finance leases		-	6,179	-	-
Trade creditors		3,151,960	3,550,412	794,439	719,642
Amounts due to group undertakings		-	-	25,734	30,827
Corporation tax payable		10,286	33,782	10,286	33,782
Other taxation and social security		493,815	90,366	70,992	50,287
Other creditors		162,372	258,104	37,771	120,066
Accruals and deferred income		30,747	27,357	36,587	33,197
		<u>4,143,685</u>	<u>4,403,069</u>	<u>1,095,138</u>	<u>1,195,958</u>

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

Stocking loans amounting to £1,190,729 (2016 - £961,066) are secured over vehicle stock. The comparatives have been amended to show stocking loans within Trade creditors from Other creditors.

19 Creditors: amounts falling due after more than one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	20	-	19,570	-	19,570

20 Loans and overdrafts

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans	19,320	90,720	19,320	68,370
Bank overdrafts	275,185	365,719	100,009	159,357
	<u>294,505</u>	<u>456,439</u>	<u>119,329</u>	<u>227,727</u>
Payable within one year	294,505	436,869	119,329	208,157
Payable after one year	-	19,570	-	19,570

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.

MACKAYS OF DINGWALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

20 Loans and overdrafts

(Continued)

The bank loan is repayable on a monthly basis, with interest payable at 1.5% above base rate and maturity date in February 2018.

21 Deferred taxation

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

	Liabilities 2017 £	Liabilities 2016 £
Group		
Accelerated capital allowances	18,060	22,873
Short term timing differences	-	(59)
	<u>18,060</u>	<u>22,814</u>
	<u>18,060</u>	<u>22,814</u>
	Liabilities 2017 £	Liabilities 2016 £
Company		
Accelerated capital allowances	11,862	14,113
Short term timing differences	-	(59)
	<u>11,862</u>	<u>14,054</u>
	<u>11,862</u>	<u>14,054</u>
	Group 2017 £	Company 2017 £
Movements in the year:		
Liability at 1 January 2017	22,814	14,054
Credit to profit or loss	(4,754)	(2,192)
	<u>18,060</u>	<u>11,862</u>
Liability at 31 December 2017	<u>18,060</u>	<u>11,862</u>

22 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	41,174	39,289
	<u>41,174</u>	<u>39,289</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.

MACKAYS OF DINGWALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

23 Share capital

	Group and company	
	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
281,060 Ordinary shares of £1 each	281,060	281,060

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

24 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.

25 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		Company	
	2017	2016	2017	2016
	£	£	£	£
Within one year	34,155	34,205	2,988	5,705
Between two and five years	133,976	135,214	5,976	8,964
In over five years	1,581,333	1,613,333	-	-
	<u>1,749,464</u>	<u>1,782,752</u>	<u>8,964</u>	<u>14,669</u>

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

26 Events after the reporting date

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

MACKAYS OF DINGWALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	48,901	45,317

Transactions with related parties

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

	Sale of goods		Purchase of goods	
	2017 £	2016 £	2017 £	2016 £
Company				
Entities over which the company has control, joint control or significant influence	359,369	504,888	445,022	810,723

	2017 £	2016 £
Company		
Entities over which the entity has control, joint control or significant influence	26,667	53,333

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties	2017 Balance £	2016 Balance £
Group		
Key management personnel	2,106	2,330
Other related parties	907,167	908,500
Company		
Entities over which the company has control, joint control or significant influence	25,980	5,848
Other related parties	110,000	116,104

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.

MACKAYS OF DINGWALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

28 Directors' transactions

Dividends totalling £40,000 (2016 - £205,000) were paid in the year in respect of shares held by the company's directors.

29 Cash generated from group operations

	2017 £	2016 £
Profit for the year after tax	1,599	11,049
Adjustments for:		
Taxation charged	5,532	57,502
Finance costs	62,868	88,411
Investment income	-	(15)
Depreciation and impairment of tangible fixed assets	57,151	62,191
Movements in working capital:		
Decrease/(increase) in stocks	233,652	(242,463)
Decrease/(increase) in debtors	56,976	(14,048)
(Decrease)/increase in creditors	(87,345)	497,551
Cash generated from operations	330,433	460,178