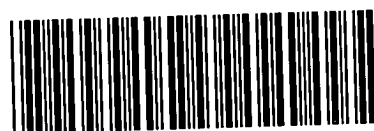


Company Registration No. SC177001 (Scotland)

**MACKAYS OF DINGWALL LIMITED**  
**ANNUAL REPORT AND FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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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 2020**

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The directors present the strategic report for the year ended 31 December 2020.

#### **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 impact of Covid 19 and the level of uncertainty within the general economy and the effect this has had on the local economy.

The Group has continued to focus on a greater proportion of Used Vehicles in the mix of vehicles sold.

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 continued its focus towards a greater proportion of Used Vehicles in the mix of vehicles sold in 2020 and into 2021.

The Directors are pleased to report that despite continuing difficult market conditions and poor vehicle supply availability, 2021 is showing good results to date and the Directors are optimistic of this continuing to the end of the year.

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 £2,362,401 (2019 - £2,241,240) 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.

The Directors recognise the potential impact on consumer demand resulting from the general uncertainties in the economy, however the Directors are confident that the group is well placed to adapt to consumer requirements as and when required.

The group has responded well to the ongoing implications of Covid-19 mitigating risk where appropriate and ensuring the safety of all customers and employees and remains prepared to adapt to the changing economic environment as required.

#### **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 decreased 11% on the previous year from £18,094,156 in 2019 to £16,102,695 in 2020, this was due to a change in market conditions due to Covid-19 which resulted in national lockdown periods throughout the year, and a change in the mix of vehicles sold. The group Gross Margin has decreased from 4.8% to 3.2% with Gross Profit decreasing from £865,746 in 2019 to £516,049 in 2020. This decrease is offset by grant income in relation to government financial support during the pandemic shown within other operating income of £448,453. This resulted in a profit after tax of £216,161 (£9,676 - 2019).

The Group continually looks to provide its goods and services in the most efficient manner possible without losing focus on providing a quality experience for customers.

# **MACKAYS OF DINGWALL LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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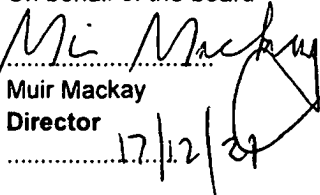
### **Future developments**

The Directors continue to assess the changing market, including the advancement of hybrid and electric vehicle technology, to ensure that it is well placed to cope with changing customer demand. The Directors will continue to promote the Vauxhall brand and provide an excellent range of choice for customers.

The Directors are confident that 2021 will be a successful year and are anticipating increased sales levels and margins but are experiencing difficulty in this year in sourcing and maintaining an adequate level of used car stock as used stock is very scarce and vehicles have been selling above expected trade value guides.

The Directors will continue to promote the Vauxhall range and provide an excellent range of choice for customers. The Directors are seeing a steady trend whereby consumers are increasingly considering choosing electric vehicles for their next purchase.

On behalf of the board

  
.....  
Muir Mackay  
Director  
..... 17/12/21

# **MACKAYS OF DINGWALL LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their annual report and financial statements for the year ended 31 December 2020.

### **Results and dividends**

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £95,000. The directors do not recommend payment of a further dividend.

### **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

### **Post reporting date events**

Subsequent to the year end, ordinary dividends of £120,000 have been declared.

### **Auditor**

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

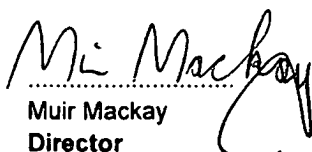
### **Statement of disclosure to auditor**

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.

### **Strategic report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company'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.

On behalf of the board

  
Muir Mackay  
Director

Date: .....

17/12/21

# **MACKAYS OF DINGWALL LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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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#### 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 2020 which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group and Parent Company Statement of Changes in Equity, the Group 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 2020 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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**

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#### **Opinions on other matters 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.

#### **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 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 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.

#### **Extent to which an audit is considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include: UK GAAP, Companies Act 2006, Corporation Tax legislation, VAT legislation, Financial Conduct Authority scope of permissions and VOSA accreditations.

We gained an understanding of how the group is complying with these laws and regulations by making enquiries of management. We corroborated these enquiries through our review of submitted returns, external inspections and relevant correspondence with regulatory bodies.

# MACKAYS OF DINGWALL LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF MACKAYS OF DINGWALL LIMITED

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We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by discussing with management to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing the level of and reasoning behind the group's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Review of key documentation confirming ongoing compliance with motor repairs standards in particular the VOSA status of the company;
- Review of key correspondence with the FCA and inspection of the FCA's website to confirm that the Group continued to be appropriately authorised and continued to operate within those permissions;
- Discussing with management ongoing compliance with and continuity of key manufacturer franchise.
- Procedures to confirm the existence and completeness of revenue ensuring recognised in line with the accounting policies.
- Testing items of stock on a sample basis to confirm its condition and comparing its carrying value to post year end sales data and relevant benchmark data to ensure management had correctly reported stock at the lower of cost and net realisable value.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material risk due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the group'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 group'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 group and the group'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 Johnston Carmichael LLP**

20 December 2021

**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 2020

	Notes	2020 £	2019 £
<b>Turnover</b>	<b>3</b>	16,102,695	18,094,156
Cost of sales		(15,586,646)	(17,228,410)
<b>Gross profit</b>		516,049	865,746
Administrative expenses		(702,238)	(867,954)
Other operating income		521,207	92,558
<b>Operating profit</b>	<b>4</b>	335,018	90,350
Interest payable and similar expenses	<b>8</b>	(65,413)	(70,620)
<b>Profit before taxation</b>		269,605	19,730
Tax on profit	<b>9</b>	(53,444)	(10,054)
<b>Profit for the financial year</b>	<b>22</b>	216,161	9,676
Profit for the financial year is attributable to:			
- Owners of the parent company		156,498	(5,440)
- Non-controlling interests		59,663	15,116
		216,161	9,676
Total comprehensive income/(expenditure) for the year is attributable to:			
- Owners of the parent company		156,498	(5,440)
- Non-controlling interests		59,663	15,116
		216,161	9,676

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

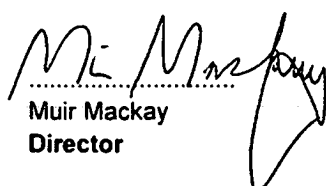
# MACKAYS OF DINGWALL LIMITED

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	11	824,975		863,014	
Investments	12	4,607		4,607	
		<u>829,582</u>		<u>867,621</u>	
<b>Current assets</b>					
Stocks	14	3,930,474		4,224,426	
Debtors falling due after more than one year	15	907,167		907,167	
Debtors falling due within one year	15	1,514,749		1,629,400	
Cash at bank and in hand		994		2,233	
		<u>6,353,384</u>		<u>6,763,226</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(4,759,051)</u>		<u>(5,377,963)</u>	
<b>Net current assets</b>		<u>1,594,333</u>		<u>1,385,263</u>	
<b>Total assets less current liabilities</b>		<u>2,423,915</u>		<u>2,252,884</u>	
<b>Creditors: amounts falling due after more than one year</b>	17	(49,113)		-	
<b>Provisions for liabilities</b>	19	(12,401)		(11,644)	
<b>Net assets</b>		<u>2,362,401</u>		<u>2,241,240</u>	
<b>Capital and reserves</b>					
Called up share capital	21	281,060		281,060	
Revaluation reserve	22	18,216		18,216	
Profit and loss reserves	22	1,460,378		1,398,880	
<b>Equity attributable to owners of the parent company</b>		<u>1,759,654</u>		<u>1,698,156</u>	
<b>Non-controlling interests</b>		<u>602,747</u>		<u>543,084</u>	
		<u>2,362,401</u>		<u>2,241,240</u>	

The financial statements were approved by the board of directors and authorised for issue on 17/12/21 and are signed on its behalf by:

  
Muir Mackay  
Director

# MACKAYS OF DINGWALL LIMITED

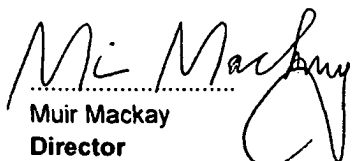
## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	11	371,374		390,399	
Investments	12	373,860		373,860	
		<u>745,234</u>		<u>764,259</u>	
<b>Current assets</b>					
Stocks	14	726,993		579,050	
Debtors falling due after more than one year	15	110,000		110,000	
Debtors falling due within one year	15	259,457		171,652	
Cash at bank and in hand		280		1,384	
		<u>1,096,730</u>		<u>862,086</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(878,295)</u>		<u>(666,524)</u>	
<b>Net current assets</b>			<u>218,435</u>		<u>195,562</u>
<b>Total assets less current liabilities</b>			<u>963,669</u>		<u>959,821</u>
<b>Provisions for liabilities</b>					
Deferred tax liability	19	8,155		6,479	
		<u>(8,155)</u>		<u>(6,479)</u>	
<b>Net assets</b>			<u>955,514</u>		<u>953,342</u>
<b>Capital and reserves</b>					
Called up share capital	21	281,060		281,060	
Profit and loss reserves	22	674,454		672,282	
<b>Total equity</b>			<u>955,514</u>		<u>953,342</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 £77,172 (2019 - £35,671 loss).

The financial statements were approved by the board of directors and authorised for issue on 17/12/21 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 2020**

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total controlling interest £	Non- controlling interest £	Total £
<b>Balance at 1 January 2019</b>		281,060	18,216	1,454,320	1,753,596	527,968	2,281,564
<b>Year ended 31 December 2019:</b>							
Profit and total comprehensive income for the year		-	-	(5,440)	(5,440)	15,116	9,676
Dividends	10	-	-	(50,000)	(50,000)	-	(50,000)
<b>Balance at 31 December 2019</b>		281,060	18,216	1,398,880	1,698,156	543,084	2,241,240
<b>Year ended 31 December 2020:</b>							
Profit and total comprehensive income for the year		-	-	156,498	156,498	59,663	216,161
Dividends	10	-	-	(95,000)	(95,000)	-	(95,000)
<b>Balance at 31 December 2020</b>		281,060	18,216	1,460,378	1,759,654	602,747	2,362,401

# MACKAYS OF DINGWALL LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2019</b>		281,060	757,953	1,039,013
<b>Year ended 31 December 2019:</b>				
Loss and total comprehensive income for the year		-	(35,671)	(35,671)
Dividends	10	-	(50,000)	(50,000)
<b>Balance at 31 December 2019</b>		281,060	672,282	953,342
<b>Year ended 31 December 2020:</b>				
Profit and total comprehensive (expenditure)/income for the year		-	77,172	77,172
Dividends	10	-	(75,000)	(75,000)
<b>Balance at 31 December 2020</b>		281,060	674,454	955,514

# MACKAYS OF DINGWALL LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	27		(49,946)		236,951
Interest paid			(65,413)		(70,620)
Income taxes paid			(15,000)		(12,793)
<b>Net cash (outflow)/inflow from operating activities</b>			(130,359)		153,538
<b>Investing activities</b>					
Purchase of tangible fixed assets		(19,523)		(17,149)	
<b>Net cash used in investing activities</b>			(19,523)		(17,149)
<b>Financing activities</b>					
Proceeds from borrowings		50,000		-	
Repayment of bank loans		-		(10,067)	
Dividends paid to equity shareholders		(95,000)		(50,000)	
<b>Net cash used in financing activities</b>			(45,000)		(60,067)
<b>Net (decrease)/increase in cash and cash equivalents</b>			(194,882)		76,322
Cash and cash equivalents at beginning of year			(190,821)		(267,143)
<b>Cash and cash equivalents at end of year</b>			(385,703)		(190,821)
<b>Relating to:</b>					
Cash at bank and in hand			994		2,233
Bank overdrafts included in creditors payable within one year			(386,697)		(193,054)



# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2020

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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, modified to include the revaluation of listed investments at fair value. 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 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- 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 2020. 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.

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 1 Accounting policies

(Continued)

##### 1.2 Going concern

The directors have prepared the financial statements on the going concern basis. The group is reporting a profit for the year and an increased net asset position at the balance sheet date. The Directors have considered carefully the risks and uncertainties as a result of the global pandemic Covid-19 and have taken all necessary actions to ensure the safety of all customers and employees, and for the long-term financial stability of the company and group.

The Group, of which the Company is a member, is funded through a combination of shareholders' funds, secured bank facilities and cash generated through operating profits. Subsequent to the year-end, the provider of the bank facilities continues to be fully supportive of the Company and Group.

The directors and management have prepared cashflow forecasts through to December 2022, taking into consideration what they consider to be downside scenarios, whilst also considering the overall funding requirements beyond that period. By their nature financial projections are uncertain. Careful cash management and stock control has ensured that working capital has remained a priority. Together with cost control measures and government support, the company has strengthened its working capital position, ensuring all liabilities are met as they fall due. Furthermore, the directors are encouraged by the financial results to date including online sales and appreciate the continued support from their customers.

Therefore, the directors consider, after making appropriate enquiries and taking into consideration the economic outlook resulting from Covid-19, that the company and group is well placed to adapt to any future challenges, and will have adequate resources to continue in operation as a going concern for at least 12 months from the approval date of the financial statements, meeting all financial obligations as they fall due. Consequently, the directors consider the going concern basis to remain appropriate.

##### 1.3 Turnover

Turnover is recognised at the fair value of the consideration receivable and represents amounts received for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

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 on completion of the agreed work.

##### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost or valuation and subsequently measured at cost, 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.

Freehold land and buildings are included at deemed cost based on the carrying value at the date of transition to FRS 102 being 1 January 2014.

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 credited or charged to profit or loss.

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### 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.

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).

#### 1.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises all costs incurred in bringing each product to their present location and condition.

Vehicle stock and parts are recognised at purchase cost, 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, 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, with 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. Financial assets classified as receivable within one year are not amortised.

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

##### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

##### ***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***

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 transaction 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 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 2020

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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 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**

Rentals payable under operating leases, including any lease incentives received, are charged to expenditure 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.

##### **1.15 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants are recognised in accordance with the performance model. A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability. Government grants relating to the Coronavirus job retention scheme are recognised as income over the periods when the related costs are incurred.

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 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 £3,862,429 (2019 - £4,084,592 ).

### 3 Turnover and other revenue

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

	2020 £	2019 £
<b>Turnover analysed by class of business</b>		
Sales of vehicles	14,334,585	15,323,464
Parts, service and masterfit	1,768,110	2,770,692
	<u>16,102,695</u>	<u>18,094,156</u>
	2020 £	2019 £
<b>Other significant revenue</b>		
JRS Grants received	<u>448,453</u>	<u>-</u>

All turnover arose within the United Kingdom.

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(448,453)	-
Depreciation of owned tangible fixed assets	57,562	58,627
Operating lease charges	32,280	32,125

#### 5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	10,712	10,000
Audit of the financial statements of the company's subsidiaries	10,800	9,750
	21,512	19,750

#### 6 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Sales and servicing staff	47	40	17	17
Administrative staff	11	20	7	8
	58	60	24	25

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	1,485,344	1,466,383	481,430	540,435
Social security costs	132,122	138,987	41,056	54,586
Pension costs	40,059	34,732	15,728	15,677
	1,657,525	1,640,102	538,214	610,698

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	51,324	39,370
Company pension contributions to defined contribution schemes	4,833	4,856
	<u>56,157</u>	<u>44,226</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 2)

### 8 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and loans	2,098	17,725
Other interest on financial liabilities	63,315	52,895
	<u>65,413</u>	<u>70,620</u>

### 9 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	55,170	14,910
Adjustments in respect of prior periods	(2,483)	-
	<u>52,687</u>	<u>14,910</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	757	(4,856)
	<u>757</u>	<u>(4,856)</u>
<b>Total tax charge</b>	<u>53,444</u>	<u>10,054</u>



# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 9 Taxation

(Continued)

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

	2020 £	2019 £
Profit before taxation	269,605	19,730
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	51,225	3,749
Adjustments in respect of prior years	(2,483)	2,145
Other permanent differences	-	8
Deferred tax adjustments in respect of prior years	-	648
Fixed asset differences	3,323	3,274
Losses carried back	762	-
Adjust deferred tax to average rate	(6,992)	230
Other adjustments	7,609	-
Taxation charge	53,444	10,054

#### 10 Dividends

	2020 £	2019 £
Final paid	75,000	50,000

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 11 Tangible fixed assets

Group	Freehold buildings	Leasehold buildings	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 January 2020	440,996	637,231	507,962	114,771	1,700,960
Additions	-	-	13,011	6,512	19,523
Disposals	-	-	(6,745)	(5,631)	(12,376)
At 31 December 2020	440,996	637,231	514,228	115,652	1,708,107
<b>Depreciation and impairment</b>					
At 1 January 2020	113,072	199,434	439,909	85,531	837,946
Depreciation charged in the year	6,566	10,621	27,691	12,684	57,562
Eliminated in respect of disposals	-	-	(6,745)	(5,631)	(12,376)
At 31 December 2020	119,638	210,055	460,855	92,584	883,132
<b>Carrying amount</b>					
At 31 December 2020	321,358	427,176	53,373	23,068	824,975
At 31 December 2019	327,924	437,797	68,053	29,240	863,014

Company	Freehold buildings	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 January 2020	440,996	173,455	114,771	729,222
Additions	-	4,696	6,512	11,208
Disposals	-	-	(5,631)	(5,631)
At 31 December 2020	440,996	178,151	115,652	734,799
<b>Depreciation and impairment</b>				
At 1 January 2020	113,072	140,220	85,531	338,823
Depreciation charged in the year	6,566	10,983	12,684	30,233
Eliminated in respect of disposals	-	-	(5,631)	(5,631)
At 31 December 2020	119,638	151,203	92,584	363,425
<b>Carrying amount</b>				
At 31 December 2020	321,358	26,948	23,068	371,374
At 31 December 2019	327,924	33,235	29,240	390,399

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 11 Tangible fixed assets

(Continued)

The carrying value of land and buildings comprises:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Freehold land not depreciated	118,771	118,771	118,771	118,771

#### 12 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	13	-	-	369,253	369,253
Listed investments		4,606	4,606	4,606	4,606
Unlisted investments		1	1	1	1
		4,607	4,607	373,860	373,860

#### 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 £
<b>Cost or valuation</b>	
At 1 January 2020 and 31 December 2020	9,606
<b>Impairment</b>	
At 1 January 2020 and 31 December 2020	4,999
<b>Carrying amount</b>	
At 31 December 2020	4,607
At 31 December 2019	4,607

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 12 Fixed asset investments

(Continued)

#### Movements in fixed asset investments

Company	Shares in group undertakings £	Investments other than loans £	Total £
<b>Cost or valuation</b>			
At 1 January 2020 and 31 December 2020	808,174	9,606	817,780
<b>Impairment</b>			
At 1 January 2020 and 31 December 2020	438,921	4,999	443,920
<b>Carrying amount</b>			
At 31 December 2020	369,253	4,607	373,860
At 31 December 2019	369,253	4,607	373,860

### 13 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
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 Agric. Co. Limited is Strathpeffer Road, Dingwall, IV15 9QF.

### 14 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Parts stock	68,045	139,834	30,965	59,399
Vehicle stock	3,862,429	4,084,592	696,028	519,651
	<u>3,930,474</u>	<u>4,224,426</u>	<u>726,993</u>	<u>579,050</u>

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 15 Debtors

	Group 2020	2019	Company 2020	2019
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	463,133	597,167	86,782	82,560
Amounts owed by group undertakings	-	-	3,241	2,125
Other debtors	1,041,201	1,008,655	159,019	63,389
Prepayments and accrued income	10,415	23,578	10,415	23,578
	<u>1,514,749</u>	<u>1,629,400</u>	<u>259,457</u>	<u>171,652</u>
<b>Amounts falling due after more than one year:</b>				
Other debtors	<u>907,167</u>	<u>907,167</u>	<u>110,000</u>	<u>110,000</u>
<b>Total debtors</b>	<u>2,421,916</u>	<u>2,536,567</u>	<u>369,457</u>	<u>281,652</u>

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

	Notes	Group 2020	2019	Company 2020	2019
		£	£	£	£
Bank loans and overdrafts	18	387,584	193,054	66,625	192,448
Trade creditors		3,954,856	4,665,770	652,388	345,384
Amounts owed to group undertakings		-	-	22,100	29,437
Corporation tax payable		52,597	14,910	6,469	-
Other taxation and social security		77,328	72,282	43,459	37,425
Other creditors		251,954	404,571	46,682	28,614
Accruals and deferred income		34,732	27,376	40,572	33,216
		<u>4,759,051</u>	<u>5,377,963</u>	<u>878,295</u>	<u>666,524</u>

Stocking loans amounting to £3,524,724 (2019 - £4,398,235) are secured over vehicle stock.

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

	Notes	Group 2020	2019	Company 2020	2019
		£	£	£	£
Bank loans and overdrafts	18	<u>49,113</u>	<u>-</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	50,000	-	-	-
Bank overdrafts	386,697	193,054	66,625	192,448
	<u>436,697</u>	<u>193,054</u>	<u>66,625</u>	<u>192,448</u>
Payable within one year	387,584	193,054	66,625	192,448
Payable after one year	49,113	-	-	-

The Royal Bank of Scotland loan is repayable in 60 monthly instalments starting 6 months from the drawdown date. The bank granted a repayment holiday for a period of 12 months, starting from the date on which the loan is drawn. The last instalment is due in December 2026. Interest is charged at 2.5% per annum. Under the Bounce Back Loan Scheme, interest due from the first 12 months will be payable by the UK Government under the terms of the Scheme.

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

	Liabilities/ (assets)	Liabilities/ (assets)
	2020	2019
Group	£	£
Accelerated capital allowances	<u>12,401</u>	<u>11,644</u>
	Liabilities/ (assets)	Liabilities/ (assets)
	2020	2019
Company	£	£
Accelerated capital allowances	<u>8,155</u>	<u>6,479</u>

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 19 Deferred taxation

(Continued)

	Group 2020 £	Company 2020 £
<b>Movements in the year:</b>		
Liability at 1 January 2020	11,644	6,479
Charge to profit or loss	757	1,676
Liability at 31 December 2020	<u>12,401</u>	<u>8,155</u>

### 20 Retirement benefit schemes

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>40,059</u>	<u>34,732</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.

### 21 Share capital

	2020 Number	2019 Number	2020 £	2019 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	<u>281,060</u>	<u>281,060</u>	<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.

### 22 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 2020

### 23 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 2020 £	2019 £	Company 2020 £	2019 £
Within one year	32,000	34,988	-	2,988
Between two and five years	128,000	128,000	-	-
In over five years	1,485,333	1,517,333	-	-
	<u>1,645,333</u>	<u>1,680,321</u>	<u>-</u>	<u>2,988</u>

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

### 24 Events after the reporting date

Subsequent to the year end, ordinary dividends of £120,000 have been declared.

### 25 Related party transactions

#### Transactions with related parties

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

	Sale of goods		Purchase of goods	
	2020 £	2019 £	2020 £	2019 £
<b>Company</b>				
Entities over which the company has control, joint control or significant influence	<u>178,039</u>	<u>356,487</u>	<u>542,945</u>	<u>614,834</u>



# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 25 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2020 Balance £	2019 Balance £
<b>Group</b>		
Key management personnel	3,382	3,580
Other related parties	946,091	1,140,655
	<u>          </u>	<u>          </u>
<b>Company</b>		
Entities over which the company has control, joint control or significant influence	3,241	2,125
Other related parties	110,000	110,000
	<u>          </u>	<u>          </u>

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.

### 26 Directors' transactions

Dividends totalling £75,000 (2019 - £50,000) were paid in the year in respect of shares held by the company's directors.

### 27 Cash (absorbed by)/generated from group operations

	2020 £	2019 £
Profit for the year after tax	216,161	9,676
<b>Adjustments for:</b>		
Taxation charged	53,444	10,054
Finance costs	65,413	70,620
Depreciation and impairment of tangible fixed assets	57,562	58,627
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	293,952	(460,596)
Decrease/(increase) in debtors	114,651	(609,008)
(Decrease)/increase in creditors	(851,129)	1,157,578
	<u>          </u>	<u>          </u>
<b>Cash (absorbed by)/generated from operations</b>	<b>(49,946)</b>	<b>236,951</b>
	<u>          </u>	<u>          </u>

# MACKAYS OF DINGWALL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

### 28 Analysis of changes in net debt - group

	1 January 2020 £	Cash flows £	31 December 2020 £
Cash at bank and in hand	2,233	(1,239)	994
Bank overdrafts	(193,054)	(193,643)	(386,697)
	<u>(190,821)</u>	<u>(194,882)</u>	<u>(385,703)</u>
Borrowings excluding overdrafts	-	(50,000)	(50,000)
	<u>(190,821)</u>	<u>(244,882)</u>	<u>(435,703)</u>