

KERR AND SMITH (GLASGOW) LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

Company Registration No. SC182559 (Scotland)

TUESDAY



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COMPANIES HOUSE

KERR AND SMITH (GLASGOW) LIMITED

COMPANY INFORMATION

Directors	Mr William Kerr Mr James Smith Mr William Smith Mrs Donna McClure Mr Paul Kerr Mr Chester Smith
Company number	SC182559
Registered office	Riverside Garage Ayr Road Cumnock Ayrshire KA18 1BJ
Auditor	William Duncan + Co 30 Miller Road Ayr Ayrshire KA7 2AY
Business address	10 Springhill Parkway Glasgow Business Park Glasgow G69 6GA
Bankers	Royal Bank of Scotland Ayr Chief Office 30 Sandgate Ayr Ayrshire KA7 1BY
Solicitors	Mackintosh & Wylie Solicitors & Notaries 23 The Foregate Kilmarnock Ayrshire KA1 1LE

KERR AND SMITH (GLASGOW) LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4 - 5
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 22

KERR AND SMITH (GLASGOW) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2016

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

Fair review of the business

The Company holds an Iveco franchise for light and heavy commercial vehicles and has 3 appointed Authorised Service operations to assist in delivering its obligations to the Customer base in South West Scotland.

The directors continued to monitor the key indicators of turnover, labour and overhead costs, and margins per unit. The company delivered sales for the year of £8,280,128 and managed to maintain a steady gross profit percentage of 16.05%.

Business overheads have been well controlled and remain in line with previous years. Processes are in place to carefully monitor stock levels ensuring that these are kept at correct levels. Despite economic challenges the company readjusted its focus on aftersales and continues to stabilize in the difficult market place.

Liquidity and interest rate risk

The directors ensure that, through good cash management and agreed borrowing facilities, the company has sufficient available funds to meet the day-to-day requirements of the business.

The directors aim to minimise borrowing requirements to reduce interest costs; however, in common with all businesses operating with overdraft facilities, the company is exposed to movements in the bank base rate.

Credit risk

The company ensures that all customers who apply for credit terms are subject to appropriate checks through credit reference agencies, with a credit limit being applied to the customer account.

On behalf of the board



Mr Chester Smith
Director
2 March 2017

KERR AND SMITH (GLASGOW) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2016

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

Principal activities

The Company holds an Iveco franchise for light and heavy commercial vehicles. Other principal activities are the provision of aftersales services including parts sales, servicing, MOT preparation, bodyshop, recovery and rental departments.

Directors

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

Mr William Kerr
Mr James Smith
Mr William Smith
Mrs Donna McClure
Mr Paul Kerr
Mr Chester Smith

Results and dividends

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

Ordinary dividends were paid amounting to £800,000. The directors do not recommend payment of a final dividend.

Auditor

The auditor, William Duncan + Co, 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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board



Mr Chester Smith
Director
2 March 2017

KERR AND SMITH (GLASGOW) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 JULY 2016

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 company and of the profit or loss of the company 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

KERR AND SMITH (GLASGOW) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KERR AND SMITH (GLASGOW) LIMITED

We have audited the financial statements of Kerr and Smith (Glasgow) Limited for the year ended 31 July 2016 set out on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

KERR AND SMITH (GLASGOW) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF KERR AND SMITH (GLASGOW) LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

William Duncan + Co

Hazel Murphy ACA (Senior Statutory Auditor)
for and on behalf of William Duncan + Co

8 March 2017
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Chartered Accountants
Statutory Auditor

30 Miller Road
Ayr
Ayrshire
KA7 2AY

KERR AND SMITH (GLASGOW) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2016

	Notes	2016 £	2015 £
Turnover	3	8,280,128	8,524,775
Cost of sales		(6,951,368)	(7,235,119)
Gross profit		1,328,760	1,289,656
Administrative expenses		(1,170,391)	(1,131,999)
Operating profit	4	158,369	157,657
Interest payable and similar charges	7	(15,757)	(15,983)
Profit before taxation		142,612	141,674
Taxation	8	(19,088)	(7,780)
Profit for the financial year	22	123,524	133,894

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

KERR AND SMITH (GLASGOW) LIMITED

BALANCE SHEET

AS AT 31 JULY 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	10		889,129		911,504
Current assets					
Stocks	12	2,651,267		2,669,411	
Debtors	13	987,649		1,145,723	
Cash at bank and in hand		660,541		528,588	
		4,299,457		4,343,722	
Creditors: amounts falling due within one year	14	(3,914,249)		(3,308,156)	
Net current assets			385,208		1,035,566
Total assets less current liabilities			1,274,337		1,947,070
Provisions for liabilities	17		(21,718)		(17,975)
Net assets			1,252,619		1,929,095
Capital and reserves					
Called up share capital	20		135,000		135,000
Capital redemption reserve	21		150,000		150,000
Profit and loss reserves	22		967,619		1,644,095
Total equity			1,252,619		1,929,095

The financial statements were approved by the board of directors and authorised for issue on 2 March 2017 and are signed on its behalf by:

Mr Chester Smith
Director



Company Registration No. SC182559

KERR AND SMITH (GLASGOW) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2016

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 August 2014		135,000	150,000	1,510,201	1,795,201
Year ended 31 July 2015:					
Profit and total comprehensive income for the year		-	-	133,894	133,894
Balance at 31 July 2015		135,000	150,000	1,644,095	1,929,095
Year ended 31 July 2016:					
Profit and total comprehensive income for the year		-	-	123,524	123,524
Dividends	9	-	-	(800,000)	(800,000)
Balance at 31 July 2016		135,000	150,000	967,619	1,252,619

KERR AND SMITH (GLASGOW) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	27		255,922		(130,701)
Interest paid			(15,757)		(15,983)
Net cash inflow/(outflow) from operating activities			240,165		(146,684)
Investing activities					
Purchase of tangible fixed assets		(67,441)		(169,141)	
Proceeds on disposal of tangible fixed assets		-		4,750	
Net cash used in investing activities			(67,441)		(164,391)
Financing activities					
Payment of finance leases obligations		85,976		40,690	
Net cash generated from financing activities			85,976		40,690
Net increase/(decrease) in cash and cash equivalents			258,700		(270,385)
Cash and cash equivalents at beginning of year			96,870		367,255
Cash and cash equivalents at end of year			355,570		96,870
Relating to:					
Cash at bank and in hand			660,541		528,588
Bank overdrafts included in creditors payable within one year			(304,971)		(431,718)

KERR AND SMITH (GLASGOW) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2016

1 Accounting policies

Company information

Kerr and Smith (Glasgow) Limited is a company limited by shares incorporated in Scotland. The registered office is Riverside Garage, Ayr Road, Cumnock, Ayrshire, KA18 1BJ.

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.

These financial statements for the year ended 31 July 2016 are the first financial statements of Kerr and Smith (Glasgow) Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 August 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The company has taken advantage of the exemption available whereby it has not disclosed transactions with the ultimate parent company of the group.

1.2 Going concern

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

1.3 Turnover

Turnover represents amounts receivable for the sale of commercial vehicles and aftersales servicing of light and heavy commercial vehicles net of VAT and trade discounts.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Sales of goods are recognised when the goods are delivered, sales of services are recognised when the service has been provided and finance commissions are recognised on delivery of the related vehicles.

KERR AND SMITH (GLASGOW) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful life, as follows:

Land and buildings Freehold	Over 25 to 40 years
Plant and machinery	Over 2 - 5 years
Fixtures, fittings & equipment	Over 2 - 5 years
Computer equipment	Over 2 - 5 years
Motor vehicles	Over 4 - 5 years

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.

1.5 Impairment of fixed assets

At each reporting period end date, the company 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Parts stock is arrived at principally on a weighted average or 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.

1.7 Cash and cash equivalents

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

KERR AND SMITH (GLASGOW) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

1 Accounting policies

(Continued)

1.8 Financial instruments

The company 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 company's balance sheet when the company 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 trade and other receivables and cash and bank balances, are measured at transaction price including transaction. There are no arrangements that constitutes a financing transaction, where the transaction would be measured at amortised cost.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and 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.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Basic financial liabilities

Basic financial liabilities, including trade and other payables and hire purchase, are initially recognised at transaction price unless the arrangement constitutes a financing transaction. The hire purchase being a financing transaction is carried at amortised cost, using the effective interest rate method.

1.9 Equity instruments

Equity instruments issued by the company 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 company.

1.10 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 and loss account 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

KERR AND SMITH (GLASGOW) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

1 Accounting policies

(Continued)

Deferred tax

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 and loss account, 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 when the company has 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.

1.11 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.

1.12 Retirement benefits

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

1.13 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 and loss account 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.

2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

KERR AND SMITH (GLASGOW) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

3 Turnover and other revenue

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

	2016 £	2015 £
Turnover		
Vehicle sales	3,594,335	3,994,881
Parts and service sales	4,429,283	4,384,896
Recovery sales	145,932	132,422
Vehicle rental sales	110,578	12,576
	<u>8,280,128</u>	<u>8,524,775</u>

4 Operating profit

Operating profit for the year is stated after charging/(crediting):

	2016 £	2015 £
Fees payable to the company's auditor for the audit of the company's financial statements	9,000	9,000
Depreciation of owned tangible fixed assets	89,816	77,797
Profit on disposal of tangible fixed assets	-	(4,750)
Cost of stocks recognised as an expense	6,198,032	6,517,612
Operating lease charges	62,250	62,250
	<u>6,359,108</u>	<u>6,666,359</u>

5 Employees

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

	2016 Number	2015 Number
Management & administration	14	12
Sales & servicing	37	37
	<u>51</u>	<u>49</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,178,830	1,118,041
Social security costs	99,569	99,375
Pension costs	6,946	2,050
	<u>1,285,345</u>	<u>1,219,466</u>

KERR AND SMITH (GLASGOW) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	52,219	51,406
Company pension contributions to defined contribution schemes	750	750
	<u>52,969</u>	<u>52,156</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2015 - 1).

7 Interest payable and similar charges

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	11,497	12,067
Interest on finance leases and hire purchase contracts	4,260	3,916
	<u>15,757</u>	<u>15,983</u>

8 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	15,345	-
	<u>15,345</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	3,743	7,780
	<u>3,743</u>	<u>7,780</u>
Total tax charge	<u>19,088</u>	<u>7,780</u>

KERR AND SMITH (GLASGOW) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

8 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:

	2016 £	2015 £
Profit before taxation	142,612	141,674
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	28,522	28,335
Group relief	(15,434)	(26,555)
Depreciation on assets not qualifying for tax allowances	6,000	6,000
Taxation for the year	19,088	7,780

9 Dividends

	2016 £	2015 £
Interim paid	800,000	-

KERR AND SMITH (GLASGOW) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

10 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 August 2015	1,510,025	211,299	43,547	102,588	205,241	2,072,700
Additions	-	3,782	-	-	63,659	67,441
At 31 July 2016	1,510,025	215,081	43,547	102,588	268,900	2,140,141
Depreciation and impairment						
At 1 August 2015	750,000	182,256	43,547	102,588	82,805	1,161,196
Depreciation charged in the year	30,000	12,948	-	-	46,868	89,816
At 31 July 2016	780,000	195,204	43,547	102,588	129,673	1,251,012
Carrying amount						
At 31 July 2016	730,025	19,877	-	-	139,227	889,129
At 31 July 2015	760,025	29,043	-	-	122,436	911,504

KERR AND SMITH (GLASGOW) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

11 Financial instruments

	2016 £	2015 £
Carrying amount of financial liabilities		
Measured at amortised cost	141,530	55,553

12 Stocks

	2016 £	2015 £
Used vehicle and parts stock	898,747	723,417
Consignment stock	1,752,520	1,945,994
	2,651,267	2,669,411

13 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	672,474	661,004
Vehicle debtors	147,376	474,142
Other debtors	1,033	9,567
Prepayments and accrued income	166,766	1,010
	987,649	1,145,723

KERR AND SMITH (GLASGOW) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

14 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Borrowing facility	15	304,971	431,718
Obligations under finance leases	16	141,530	55,553
Trade creditors		326,581	689,600
Consignment creditor		1,865,784	1,832,129
Amount due to parent undertaking		800,000	-
Corporation tax		15,345	-
Other taxation and social security		149,452	26,765
Other creditors		56,676	36,034
Accruals and deferred income		253,910	236,357
		<u>3,914,249</u>	<u>3,308,156</u>

Secured creditors amount to £2,312,285 (2015 - £2,391,400).

The borrowing facility is secured by a charge over book debts.

Bank facilities are secured by a bond and floating charge over all assets of the company.

Consignment creditor is secured upon the assets to which the funding relates.

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

15 Loans and overdrafts

	2016 £	2015 £
Borrowing facility	<u>304,971</u>	<u>431,718</u>
Payable within one year	<u>304,971</u>	<u>431,718</u>

16 Finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under finance leases:		
Within one year	<u>141,530</u>	<u>55,553</u>

Finance lease payments represent rentals payable by the company for certain items of stock. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 1 year. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

KERR AND SMITH (GLASGOW) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

17 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	18	21,718	17,975
		<u>21,718</u>	<u>17,975</u>

18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
ACAs	21,718	17,975
	<u>21,718</u>	<u>17,975</u>
Movements in the year:		2016 £
Liability at 1 August 2015		17,975
Charge to profit or loss		3,743
Liability at 31 July 2016		<u>21,718</u>

19 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	6,946	2,050
	<u>6,946</u>	<u>2,050</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £6,946 (2015 - £2,050).

20 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
135,000 Ordinary Shares of £1 each	135,000	135,000
	<u>135,000</u>	<u>135,000</u>

KERR AND SMITH (GLASGOW) LIMITED

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

21 Capital redemption reserve

	2016 £	2015 £
At beginning and end of year	150,000	150,000

22 Profit and loss reserves

	2016 £	2015 £
At the beginning of the year	1,644,095	1,510,201
Profit for the year	123,524	133,894
Dividends	(800,000)	-
At the end of the year	967,619	1,644,095

23 Operating lease commitments

Lessee

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

	2016 £	2015 £
Within one year	60,000	60,000

24 Financial commitments, guarantees and contingent liabilities

The company's bankers hold an inter company guarantee in respect of group borrowings. At 31 July 2016 the total bank borrowings of the group amounted to £1,658,604 (2015 - £1,872,689).

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2016 £	2015 £
Aggregate compensation	52,219	51,406

26 Controlling party

The ultimate parent company is Kerr and Smith (Cumnock) Limited, a company incorporated in Scotland.

KERR AND SMITH (GLASGOW) LIMITED

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

27 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	123,525	133,893
Adjustments for:		
Taxation charged	19,088	7,780
Finance costs	15,757	15,983
Gain on disposal of tangible fixed assets	-	(4,750)
Depreciation and impairment of tangible fixed assets	89,816	77,797
Movements in working capital:		
Decrease in stocks	18,144	309,613
Decrease in debtors	158,074	306,482
(Decrease) in creditors	(168,482)	(977,499)
Cash generated from/(absorbed by) operations	<u>255,922</u>	<u>(130,701)</u>