

**KERR & SMITH (GLASGOW) LTD**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014**

**Company Registration No. SC182559 (Scotland)**

FRIDAY



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COMPANIES HOUSE

# KERR & SMITH (GLASGOW) LTD

## COMPANY INFORMATION

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

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# KERR & SMITH (GLASGOW) LTD

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# **KERR & SMITH (GLASGOW) LTD**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 JULY 2014**

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The directors present the strategic report and financial statements for the year ended 31 July 2014.

### **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 £9,399,028 and managed to maintain a steady gross profit percentage of 13.16% .

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**

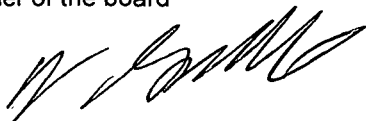
The directors ensure that, through good cash management and agreed borrowing facilities, the company has sufficient available funds to meet the day-to-day requirements of the business.

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.

By order of the board



Mr James Smith  
**Secretary**  
22 January 2015

# KERR & SMITH (GLASGOW) LTD

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 JULY 2014**

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The directors present their report and financial statements for the year ended 31 July 2014.

### Principal activities and review of the business

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

### Results and dividends

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

### Directors

The following directors have held office since 1 August 2013:

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

### Auditors

The auditors, William Duncan & Co, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Statement of directors' responsibilities

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 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 & SMITH (GLASGOW) LTD**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 JULY 2014**

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### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors 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 auditors are aware of that information.

By order of the board



Mr James Smith

**Secretary**

22 January 2015

# **KERR & SMITH (GLASGOW) LTD**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF KERR & SMITH (GLASGOW) LTD**

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We have audited the financial statements of Kerr & Smith (Glasgow) Ltd for the year ended 31 July 2014 set out on pages 6 to 14. 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).

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

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 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:

- give a true and fair view of the state of the company's affairs as at 31 July 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# KERR & SMITH (GLASGOW) LTD

## INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF KERR & SMITH (GLASGOW) LTD

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### 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*

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

22 January 2015

Chartered Accountants  
Statutory Auditor

30 Miller Road  
Ayr  
Ayrshire  
KA7 2AY



# KERR & SMITH (GLASGOW) LTD

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2014

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	Notes	2014 £	2013 £
Turnover	2	9,399,028	10,705,067
Cost of sales		(8,161,672)	(9,360,148)
Gross profit		1,237,356	1,344,919
Administrative expenses		(1,065,865)	(1,102,058)
Operating profit	3	171,491	242,861
Interest payable and similar charges	4	(10,890)	(22,566)
Profit on ordinary activities before taxation		160,601	220,295
Tax on profit on ordinary activities	5	(10,195)	-
Profit for the year	13	150,406	220,295

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

There are no recognised gains and losses other than those passing through the profit and loss account.


# KERR & SMITH (GLASGOW) LTD

## BALANCE SHEET

AS AT 31 JULY 2014

	Notes	2014 £	£	2013 £	£
<b>Fixed assets</b>					
Tangible assets	6		820,160		775,260
<b>Current assets</b>					
Stocks	7	2,979,024		2,574,017	
Debtors	8	1,452,205		1,090,524	
Cash at bank and in hand		678,322		855,473	
		5,109,551		4,520,014	
<b>Creditors: amounts falling due within one year</b>	9	(4,124,314)		(3,650,478)	
<b>Net current assets</b>			985,237		869,536
<b>Total assets less current liabilities</b>			1,805,397		1,644,796
<b>Provisions for liabilities</b>	10		(10,195)		-
			1,795,202		1,644,796
<b>Capital and reserves</b>					
Called up share capital	12	135,000		135,000	
Other reserves	13	150,000		150,000	
Profit and loss account	13	1,510,202		1,359,796	
<b>Shareholders' funds</b>	14	1,795,202		1,644,796	

Approved by the Board and authorised for issue on 22 January 2015

  
Mr James Smith  
Director

Company Registration No. SC182559

# KERR & SMITH (GLASGOW) LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2014

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### 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.

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land 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
Computer equipment	Over 2 - 5 years
Fixtures, fittings & equipment	Over 2 - 5 years
Motor vehicles	Over 4 - 5 years

#### 1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.6 Stock and work in progress

Vehicle stocks have been valued at the lower of cost and net realisable value. Parts stocks are valued at cost which is arrived at principally on a weighted average or a 'first-in, first-out' basis. Provisions are made against obsolete and surplus stock. Vehicles on consignment from manufacturers that are the subject of interest or other charges are included at cost. The associated liability is recorded in creditors.

#### 1.7 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### 1.8 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

# KERR & SMITH (GLASGOW) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2014

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**1 Accounting policies** **(Continued)**

**2 Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

**3 Operating profit** **2014** **2013**  
**£** **£**

Operating profit is stated after charging:

Depreciation of tangible assets	47,500	38,204
Operating lease rentals	62,250	58,250
Auditors' remuneration (including expenses and benefits in kind)	9,000	9,000

**4 Interest payable** **2014** **2013**  
**£** **£**

On bank loans and overdrafts	7,030	16,016
Hire purchase interest	3,860	6,550

10,890 22,566

# KERR & SMITH (GLASGOW) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2014

5	Taxation	2014 £	2013 £
	<b>Total current tax</b>	-	-
	<b>Deferred tax</b>		
	Deferred tax charge current year	10,195	-
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	160,601	220,295
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2013 - 20.00%)	32,120	44,059
	Effects of:		
	Depreciation add back	9,500	7,641
	Capital allowances	(13,105)	(660)
	Group tax losses utilised	(28,515)	(51,040)
		(32,120)	(44,059)
	<b>Current tax charge for the year</b>	-	-

6	Tangible fixed assets	Land and buildings Freehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
	<b>Cost</b>					
	At 1 August 2013	1,462,310	278,047	43,547	28,155	1,812,059
	Additions	-	6,995	-	85,405	92,400
	At 31 July 2014	1,462,310	285,042	43,547	113,560	1,904,459
	<b>Depreciation</b>					
	At 1 August 2013	690,000	275,297	43,547	27,955	1,036,799
	Charge for the year	30,000	2,150	-	15,350	47,500
	At 31 July 2014	720,000	277,447	43,547	43,305	1,084,299
	<b>Net book value</b>					
	At 31 July 2014	742,310	7,595	-	70,255	820,160
	At 31 July 2013	772,310	2,750	-	200	775,260

# KERR & SMITH (GLASGOW) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2014

<b>7</b>	<b>Stocks and work in progress</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	New vehicle stock	2,477,093	2,098,996
	Used vehicle and parts stock	501,931	475,021
		<u>2,979,024</u>	<u>2,574,017</u>
<b>8</b>	<b>Debtors</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Trade debtors	610,408	305,067
	Vehicle debtors	653,865	328,787
	Amounts owed by parent and fellow subsidiary undertakings	-	370,000
	Other debtors	64,640	12,164
	Prepayments and accrued income	123,292	74,506
		<u>1,452,205</u>	<u>1,090,524</u>
<b>9</b>	<b>Creditors: amounts falling due within one year</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Bank loans and overdrafts	311,067	126,027
	Net obligations under hire purchase contracts	14,863	34,925
	Trade creditors	609,832	909,445
	New vehicle creditor	2,963,724	2,277,190
	Taxes and social security costs	20,045	106,799
	Accruals and deferred income	204,783	196,092
		<u>4,124,314</u>	<u>3,650,478</u>

Secured creditors amount to £3,190,370 (2013 - £2,438,142).

Bank loans and overdraft are secured by a standard security over the freehold property and a bond & floating charge over all other assets of the company.

New vehicle creditors are subject to reservation of title and are secured by a standard security & floating charge over all property and assets owned by the company.

Net obligations under hire purchase contracts are secured by fixed charges on the assets concerned.

# KERR & SMITH (GLASGOW) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2014

### 10 Provisions for liabilities

	Deferred tax liability £
Profit and loss account	10,195
Balance at 31 July 2014	10,195

The deferred tax liability is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	10,195	-

### 11 Pension and other post-retirement benefit commitments

#### Defined contribution

The assets of the scheme are held separately from those of the company in an independently administered fund.

	2014 £	2013 £
Contributions payable by the company for the year	2,329	3,304

### 12 Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
135,000 Ordinary Shares of £1 each	135,000	135,000

# KERR & SMITH (GLASGOW) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2014

#### 13 Statement of movements on reserves

	Other Profit and loss reserves (see below) £	account £
Balance at 1 August 2013	150,000	1,359,796
Profit for the year	-	150,406
Balance at 31 July 2014	150,000	1,510,202
<b>Other reserves</b>		
<b>Capital redemption reserve</b>		
Balance at 1 August 2013 & at 31 July 2014	150,000	

#### 14 Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Profit for the financial year	150,406	220,295
Opening shareholders' funds	1,644,796	1,424,501
Closing shareholders' funds	1,795,202	1,644,796

#### 15 Contingent liabilities

The company's bankers hold an inter company guarantee in respect of group borrowings. At 31 July 2014 the total bank borrowings of the group amounted to £1,306,371 (2013 - £1,346,819).

#### 16 Directors' remuneration

	2014 £	2013 £
Remuneration for qualifying services	44,716	46,923
Company pension contributions to defined contribution schemes	650	650
	45,366	47,573

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2013 - 1).



# KERR & SMITH (GLASGOW) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2014

### 17 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2014 Number	2013 Number
Management & administration	6	6
Sales & servicing	41	41
	<u>47</u>	<u>47</u>

#### Employment costs

	2014 £	2013 £
Wages and salaries	986,662	1,018,164
Social security costs	88,409	94,307
Other pension costs	2,329	3,304
	<u>1,077,400</u>	<u>1,115,775</u>

### 18 Control

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

### 19 Related party relationships and transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.