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Company Registration No. SF000595 (Isle of Man)

**NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LIMITED**

**REPORT AND  
UNAUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 APRIL 2016**

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**NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LIMITED**  
**COMPANY INFORMATION**

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<b>Directors</b>	Mr A G Watson Mr H E T Irvine
<b>Secretary</b>	E P Secretaries Limited
<b>Company number</b>	SF000595
<b>Registered office</b>	Crofton West Baldwin IM4 5ET
<b>Accountants</b>	RSM UK Tax and Accounting Limited Third Floor Centenary House 69 Wellington Street Glasgow G2 6HG

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# **NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2016**

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The directors present their report and financial statements for the year ended 30 April 2016.

### **Principal activities**

The principal activity of the company during the year were the provision of vehicle storage facilities and vehicle auction services.

### **Results for the year**

The results for the year and their appropriation are set out in the profit and loss account on page 3. The company made a profit for the year after taxation of £213,196 (2015: £220,401). A dividend of £166,515 (2015: £164,597) was paid during the year.

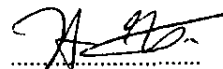
### **Directors**

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

Mr A G Watson  
Mr H E T Irvine

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



Mr H E T Irvine

Director

23/11/16

**ACCOUNTANT'S REPORT TO THE BOARD OF DIRECTORS OF NORTHERN SALVAGE  
AUTO AUCTIONS (SCOTLAND) LIMITED ON THE UNAUDITED FINANCIAL  
STATEMENTS FOR THE YEAR ENDED 30 APRIL 2016**

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In order to assist you to fulfil your duties under the Companies Act 2006, we prepared for your approval the financial statements of Northern Salvage Auto Auctions (Scotland) Limited which comprise the Profit and Loss Account, the Balance Sheet and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of Northern Salvage Auto Auctions (Scotland) Limited, as a body, in accordance with the terms of our engagement letter dated 21 May 2014. Our work has been undertaken solely to prepare for your approval the financial statements of Northern Salvage Auto Auctions (Scotland) Limited and state those matters that we have agreed to state to them in accordance with AAF 2/10 as detailed at [icaew.com/compilation](http://icaew.com/compilation). This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights against RSM Tax and Accounting Limited for any purpose or in any context. Any party other than the Board of Directors which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Tax and Accounting Limited will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representation in this report.

This report is released to the Directors on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent. Without assuming or accepting any responsibility or liability in respect of this report to any party other than the Directors, we acknowledge that the Directors may be required to disclose this report to a bank.

It is your duty to ensure that Northern Salvage Auto Auctions (Scotland) Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Northern Salvage Auto Auctions (Scotland) Limited under the Companies Act 2006. You consider that Northern Salvage Auto Auctions (Scotland) Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Northern Salvage Auto Auctions (Scotland) Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

*RSM UK Tax and Accounting Ltd*

RSM UK Tax and Accounting Limited  
Chartered Accountants  
Third Floor  
Centenary House  
69 Wellington Street  
Glasgow  
G2 6HG

*24/1/17*

# **NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LIMITED**

## **UNAUDITED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2016**

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	<b>Notes</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Turnover</b>		226,783	260,694
Administrative expenses		(394,236)	(418,134)
Other operating income		432,505	432,505
		<hr/>	<hr/>
<b>Operating profit</b>		265,052	275,065
Interest payable and similar charges		(4,593)	(2,150)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	<b>2</b>	260,459	272,915
Tax on profit on ordinary activities	<b>3</b>	(47,263)	(52,514)
		<hr/>	<hr/>
<b>Profit for the financial year</b>	<b>10</b>	213,196	220,401
		<hr/> <hr/>	<hr/> <hr/>

**NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LIMITED****UNAUDITED BALANCE SHEET  
AS AT 30 APRIL 2016**

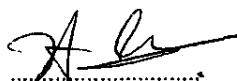
	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	5		3,869,009		3,839,973
<b>Current assets</b>					
Debtors	6	475,513		476,227	
Cash at bank and in hand		15,593		88,387	
		491,106		564,614	
<b>Creditors: amounts falling due within one year</b>	7	(1,224,314)		(1,340,374)	
<b>Net current liabilities</b>			(733,208)		(775,760)
<b>Total assets less current liabilities</b>			3,135,801		3,064,213
<b>Creditors: amounts falling due after more than one year</b>	8		(24,907)		-
<b>Net assets</b>			3,110,894		3,064,213
<b>Capital and reserves</b>					
Called up share capital	9		2		2
Profit and loss account	10		3,110,892		3,064,211
<b>Shareholders' funds</b>			3,110,894		3,064,213

For the financial year ended 30 April 2016 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies and the members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements on pages 3 to 9 were approved by the board of directors and authorised for issue on 23/05/16 and are signed on its behalf by:



Mr H E T Irvine  
Director

# **NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LIMITED**

## **NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2016**

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### **1 Accounting policies**

#### **Basis of accounting**

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

At the year end the company had net current liabilities of £733,208 (2015: £775,760). The company meets its working capital requirements through the support of the directors and the bank. All parties have indicated that this support will continue. Accordingly, they consider it appropriate to prepare the financial statements on a going concern basis.

#### **Turnover**

The turnover shown in the profit and loss account represents commissions and fees receivable on vehicles auctioned during the year, exclusive of Value Added Tax. Turnover is recognised after vehicles have been presented through auction.

#### **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 over its expected useful life, as follows:

Land and buildings Freehold	Nil
Plant and machinery	20% and 10% reducing balance

Depreciation is not provided on properties as it is the opinion of the directors that the treatment reflects a true and fair view. The residual value of the property is sufficiently high to make any depreciation charge immaterial. Carrying values are reviewed for impairment annually. It is the company's policy to maintain its premises to a high standard, and because of this such premises retain their values and accordingly the directors consider that no depreciation is necessary.

Investment properties are revalued annually and revaluation surpluses are taken to the revaluation reserve. Deficits on revaluation which are considered to be permanent are charged to the profit and loss account and subsequent reversals are credited.

Deficits on revaluations are charged to the revaluation reserve up to the amount of the associated revaluation surplus, and any excess deficits are charged to the profit and loss account.

The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the United Kingdom Accounting Standards has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

#### **Leasing**

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

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.

**NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 APRIL 2016**

**1 Accounting policies (Continued)**

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised in the Statement of Total Recognised Gains and Losses on revaluations where at the balance sheet date there is an agreement to sell the asset.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**Financial instruments**

Financial instruments are classified and accounted for according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

<b>2 Profit on ordinary activities before taxation</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets		
- owned	17,041	14,206
- held under finance leases and hire purchase contracts	593	-
Loss on disposal of tangible assets	-	1,550
	<u>          </u>	<u>          </u>
<b>3 Tax on profit on ordinary activities</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
U.K. corporation tax	47,263	54,847
Adjustment in respect of prior years	-	(2,333)
	<u>          </u>	<u>          </u>
<b>Total current tax</b>	<b>47,263</b>	<b>52,514</b>
	<u>          </u>	<u>          </u>

With effect from 6 April 2006 the Isle of Man Government reduced the rate of income tax to 0% which is expected to continue for the foreseeable future. Based on the company's current activities, the company does not have any current Isle of Man tax liability, nor is it expected to have in the future.



# NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LIMITED

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2016

4	Dividends	2016 £	2015 £
	Final dividends paid on ordinary shares	166,515	164,597

5	Tangible fixed assets	Investment properties £	Land and buildings £	Plant and machinery etc £	Total £
	<b>Cost</b>				
	At 1 May 2015	2,403,279	1,304,941	581,012	4,289,232
	Additions	-	10,654	36,016	46,670
	At 30 April 2016	2,403,279	1,315,595	617,028	4,335,902
	<b>Depreciation</b>				
	At 1 May 2015	-	-	449,259	449,259
	Charge for the year	-	-	17,634	17,634
	At 30 April 2016	-	-	466,893	466,893
	<b>Net book value</b>				
	At 30 April 2016	2,403,279	1,315,595	150,135	3,869,009
	At 30 April 2015	2,403,279	1,304,941	131,753	3,839,973

The net book value of other tangible fixed assets includes £34,977 (2015 - £-) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £593 (2015 - £-) for the year.

6	Debtors	2016 £	2015 £
	Trade debtors	133,376	140,108
	Other debtors	342,137	336,119
		475,513	476,227

Other debtors consists of: Other debtors £142,593 (2015: £153,087), Prepayments £33,030 (2015: £16,518) and Director's Loan Account £166,514 (2015: £166,514),

# NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LIMITED

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2016

7	Creditors: amounts falling due within one year	2016 £	2015 £
	Bank overdrafts	42,068	96,147
	Net obligations under finance leases	7,106	-
	Trade creditors	37,019	19,618
	Corporation tax	47,263	54,847
	Other taxation and social security costs	22,823	27,186
	Other creditors	1,068,035	1,142,576
		<u>1,224,314</u>	<u>1,340,374</u>

Other creditors consists of: Accruals and deferred income £177,443 (2015: £184,696), Other creditors £320,592 (2015: £282,880) and Director's Loan Account £570,000 (2015: £675,000),

8	Creditors: amounts falling due after more than one year	2016 £	2015 £
	Net obligations under finance leases	<u>24,907</u>	<u>-</u>

9	Share capital	2016 £	2015 £
	Allotted, called up and fully paid		
	2 Ordinary shares of £1 each of £1 each	<u>2</u>	<u>2</u>

10	Profit and loss account	Profit and loss account £
	Balance at 1 May 2015	3,064,211
	Profit for the year	213,196
	Dividends paid	(166,515)
	Balance at 30 April 2016	<u>3,110,892</u>

**NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 APRIL 2016**

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**11 Transactions with directors**

During the year the company advanced funds to HET Irvine, director and shareholder, to the amount of £105,000. At the year end the amount owed by the company to the director was £570,000 (2015: £675,000).

During the year the company advanced funds to A Watson, director and shareholder, to the amount of £166,515 and a dividend of £166,515 (2015: £164,597) was paid by the company to A Watson. At the year end the amount owed by A Watson was £166,514 (2015: £166,514).

**12 Related party relationships and transactions**

During the year the company sold vehicles on behalf of Sports Car Breakers, a business controlled by H E T Irvine, director of the company. The value of commissions generated from the sales was £173,236 (2015: £150,058). At the year end there was a balance due from Sports Car Breakers of £3,624 (2015: £2,192).

**13 Control**

The company was controlled by the holders of the issued share capital throughout the current and prior year. No shareholder has overall control of the company.