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Company Registration No. SF000595 (Isle of Man)

NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LTD
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

FRIDAY



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COMPANIES HOUSE

NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LTD

COMPANY INFORMATION

Directors Mr H E T Irvine
Mr A Watson

Secretary E P Secretaries Limited

Company number SF000595

Registered office Crofton
West Baldwin
Isle of Man
IM4 5ET

Accountants M&S Accountancy and Taxation Ltd
Dunfermline Business Centre
Izatt Avenue
Dunfermline
Fife
KY11 3BZ

NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LTD

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NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LTD

REPORT TO THE DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY ACCOUNTS OF NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LTD

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Northern Salvage Auto Auctions (Scotland) Ltd for the year ended 31 December 2019 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.

This report is made solely to the Board of Directors of Northern Salvage Auto Auctions (Scotland) Ltd, as a body, in accordance with the terms of our engagement letter dated 21 November 2018. Our work has been undertaken solely to prepare for your approval the financial statements of Northern Salvage Auto Auctions (Scotland) Ltd and state those matters that we have agreed to state to the Board of Directors of Northern Salvage Auto Auctions (Scotland) Ltd, as a body, in this report in accordance with the requirements of the Institute of Chartered Accountants of Scotland as detailed at <https://www.icas.com/FrameworkforthePreparationofAccounts>. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Northern Salvage Auto Auctions (Scotland) Ltd and its Board of Directors as a body, for our work or for this report.

It is your duty to ensure that Northern Salvage Auto Auctions (Scotland) Ltd 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 loss of Northern Salvage Auto Auctions (Scotland) Ltd. You consider that Northern Salvage Auto Auctions (Scotland) Ltd 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) Ltd. 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.

M&S Accountancy and Taxation Ltd
M&S Accountancy and Taxation Ltd
Chartered Tax Advisers and Accountants
Dunfermline Business Centre
Izatt Avenue
Fife
KY11 3BZ

5/2/21
.....

NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company continued to be the provision of vehicle storage facilities and vehicle auction services.

Directors

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

Mr H E T Irvine

Mr A Watson

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.

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

Date:5/2/21.....

NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	£	£
Turnover	446,030	274,696
Administrative expenses	(492,288)	(632,998)
Other operating income	1,206	54,748
	<hr/>	<hr/>
Operating loss	(45,052)	(303,554)
Interest receivable and similar income	33,241	-
Interest payable and similar expenses	(24,872)	(23,282)
	<hr/>	<hr/>
Loss before taxation	(36,683)	(326,836)
Tax on loss	8,179	87,694
	<hr/>	<hr/>
Loss for the financial year	<u>(28,504)</u>	<u>(239,142)</u>

NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LTD

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	1		1,260,549		1,251,016
Current assets					
Debtors	2	881,034		3,234,532	
Cash at bank and in hand		2,475,192		3,119,960	
		<u>3,356,226</u>		<u>6,354,492</u>	
Creditors: amounts falling due within one year	3	<u>(1,377,169)</u>		<u>(1,627,935)</u>	
Net current assets			1,979,057		4,726,557
Total assets less current liabilities			3,239,606		5,977,573
Creditors: amounts falling due after more than one year	4		(547,187)		(638,471)
Provisions for liabilities			15,468		7,289
Net assets			<u>2,707,887</u>		<u>5,346,391</u>
Capital and reserves					
Called up share capital			2		2
Profit and loss reserves	8		2,707,885		5,346,389
Total equity			<u>2,707,887</u>		<u>5,346,391</u>

ON BEHALF OF THE BOARD



MR HET IRVINE
DIRECTOR

DATE 5/2/21

NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Northern Salvage Auto Auctions (Scotland) Ltd is a private company limited by shares incorporated in Isle of Man. The registered office is Crofton, West Baldwin, Isle of Man, IM4 5ET.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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 freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.3 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% Straight Line
Plant and equipment	10% and 20% Reducing Balance

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.

1.4 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.5 Cash at bank and in hand

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.

1.6 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 debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.7 Equity instruments

Equity instruments issued by the company 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 company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.8 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.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit 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.

NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.9 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.

1.10 Retirement benefits

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

1.11 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 profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

2 Employees

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

	2019 Number	2018 Number
Total	10	10

NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Total £
Cost			
At 1 January 2019	1,315,595	766,960	2,082,555
Additions	10,931	68,689	79,620
At 31 December 2019	1,326,526	835,649	2,162,175
Depreciation and impairment			
At 1 January 2019	289,352	542,187	831,539
Depreciation charged in the year	27,026	43,061	70,087
At 31 December 2019	316,378	585,248	901,626
Carrying amount			
At 31 December 2019	1,010,148	250,401	1,260,549
At 31 December 2018	1,026,243	224,773	1,251,016

4 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	19,478	13,890
Other debtors	705,677	3,194,355
Prepayments and accrued income	155,879	26,287
	881,034	3,234,532

5 Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans	69,531	57,315
Obligations under finance leases	46,144	38,118
Trade creditors	197,942	18,403
Corporation tax	-	1,033,393
Other taxation and social security	-	9,767
Other creditors	1,041,711	414,421
Accruals and deferred income	21,841	56,518
	1,377,169	1,627,935

NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

6 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Bank loans and overdrafts		500,971	573,119
Obligations under finance leases		46,216	65,352
		<u>547,187</u>	<u>638,471</u>

7 Provisions for liabilities

2019 £	2018 £
<u> </u>	<u> </u>

5 Profit and loss reserves

	2019 £	2018 £
At the beginning of the year	5,346,389	5,696,541
Loss for the year	(28,504)	(239,142)
Dividends declared and paid in the year	(2,610,000)	(111,010)
	<u>2,707,885</u>	<u>5,346,389</u>

9 Related party transactions

Transactions with related parties

During the year the company sold vehicles on behalf of a company related by a key member of management personnel of the company. The value of commissions generated from the sales was £446,030 (2018 £256,088). At 31 December 2019 there was a balance due from the company of £19,476 (2018 £13,890).

At 31 December 2019 £587,960 (2018 - £587,960) was due from companies related by key members of management personnel.

At 31 December 2019 £295,000 (2018 - £295,000) was due to a company related by key members of management personnel.

10 Directors' transactions

Dividends totalling £2,610,000 (2018 - £111,010) were paid in the year in respect of shares held by the company's directors.

Advances or credits have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts repaid £	Closing balance £
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NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Directors' transactions

(Continued)

Mr H E T Irvine -	-	(2,495,604)	3,169,312	673,708
Mr A Watson -	-	(10,000)	10,000	-
		<u>(2,505,604)</u>	<u>3,179,312</u>	<u>673,708</u>

NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LTD

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	£	2019 £	£	2018 £
Turnover				
Sales		446,030		274,696
Other operating income				
Rent receivable	-		54,571	
Sundry income	1,206		177	
		1,206		54,748
Administrative expenses				
Wages and salaries	129,475		200,776	
Social security costs	11,781		16,105	
Staff pension costs defined contribution	2,588		2,199	
Rates	74,740		75,972	
Security costs	11,930		11,651	
Cleaning	16,431		13,727	
Power, light and heat	2,411		3,370	
Property repairs and maintenance	17,199		110,327	
Premises insurance	13,306		9,748	
Computer running costs	13,236		12,909	
Hire of equipment	5,378		10,241	
Motor running expenses	50,590		40,722	
Travelling expenses	4,599		4,480	
Professional subscriptions	836		806	
Legal and professional fees	5,124		22,983	
Accountancy	31,830		11,390	
Bank charges	9,450		9,482	
Printing and stationery	4,955		3,494	
Telecommunications	10,516		9,567	
Entertaining	224		231	
Sundry expenses	5,352		2,476	
Spare expenses - administration	250		-	
Depreciation	70,087		59,556	
Profit or loss on sale of tangible assets	-		786	
		(492,288)		(632,998)
Operating loss		(45,052)		(303,554)

NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LTD

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

	£	2019 £	£	2018 £
Interest receivable and similar income				
Bank interest received	1,919		-	
Other interest received	31,322		-	
		33,241		-
Interest payable and similar expenses				
Bank interest on loans and overdrafts	19,867		19,493	
Hire purchase interest payable	4,909		3,789	
Interest on overdue taxation	96		-	
		(24,872)		(23,282)
Loss before taxation	8.22%	(36,683)	118.98%	(326,836)

NORTHERN SALVAGE AUTO AUCTIONS (SCOTLAND) LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

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.

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