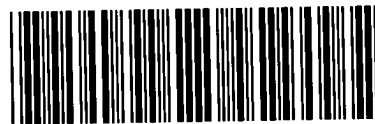


**MORRISON MOTORS (TURRIFF)
LIMITED**

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 JULY 2017

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COMPANIES HOUSE

MORRISON MOTORS (TURRIFF) LIMITED

COMPANY INFORMATION

Directors	B C Morrison E J Morrison
Secretary	E J Morrison
Company number	SC125713
Registered office	Axis Business Centre Thainstone Inverurie AB51 5TB
Auditor	Johnston Carmichael LLP Axis Business Centre Thainstone INVERURIE AB51 5TB

MORRISON MOTORS (TURRIFF) LIMITED

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MORRISON MOTORS (TURRIFF) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2017

The directors present the strategic report for the year ended 31 July 2017.

Fair review of the business

Morrison Motors (Turrieff) Limited is an independently owned car dealership which is based in Turrieff, Aberdeenshire. The company's principal activity continues to be that of motor car dealers.

Turnover has increased by 1% leading to an increase in profit before taxation of 9%. The balance sheet shows that the net asset position of the company at the year end has increased by 8% compared to the previous year.

The company's activities expose it to a number of risks including market & economic risk, funding and liquidity risk and financial risk. Sourcing good vehicle stock to sell is an increasing challenge which could, in the worst case scenario, ultimately lead to loss of custom.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses surplus cash funds held at bank. The company therefore has sufficient financial resources and is well placed to manage its business risks.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

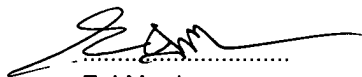
The company's principal financial assets are cash balances held at bank and trade debtors. The company's credit risk is primarily attributed to trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debtors. The credit risk on liquid funds held at banks is considered to be limited. The company has no significant concentration of credit risk, with exposures spread over a large number of counterparties and customers.

The company will continue to develop its core business and the directors are not aware at the date of this report, of any likely significant changes in the company activities during the coming year.

Principal risks and uncertainties

Competitive pressure has remained steady in the motor dealer trade. The company continues to be a high profile motor dealer in Scotland. The company has a strategy to continue this achievement by offering quality and personal service to its customers. We are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control.

On behalf of the board



E J Morrison

Director

28/12/17

MORRISON MOTORS (TURRIFF) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2017

The directors present their report and financial statements for the year ended 31 July 2017.

Principal activities

The company is owned by its directors, and it operates in north east Scotland.

The company's principal activity continued to be that of motor car dealers and there have not been any significant changes in the company's principal activities during the year under review. The directors are not aware, at the date of this report, of any likely changes in the company's activities in the next year.

Directors

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

B C Morrison
E J Morrison

Results and dividends

The results for the year are set out on page 7.

Dividends paid during the year were £200,000 (2016 - £400,000).

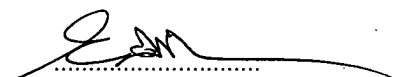
Auditor

In accordance with the company's articles, a resolution proposing that Johnston Carmichael LLP be reappointed as auditor of the company will be put at a General Meeting.

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



E J Morrison

Director

28/12/17.....

MORRISON MOTORS (TURRIFF) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 JULY 2017

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.

MORRISON MOTORS (TURRIFF) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MORRISON MOTORS (TURRIFF) LIMITED

Opinion

We have audited the financial statements of Morrison Motors (Turrieff) Limited (the 'company') for the year ended 31 July 2017 set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (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 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MORRISON MOTORS (TURRIFF) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MORRISON MOTORS (TURRIFF) LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters 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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

MORRISON MOTORS (TURRIFF) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

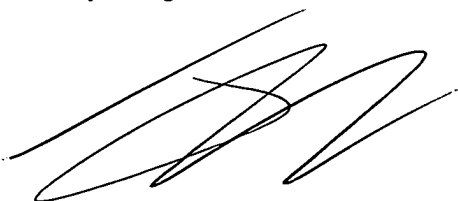
TO THE MEMBERS OF MORRISON MOTORS (TURRIFF) LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Graeme Fraser (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

Chartered Accountants
Statutory Auditor

4 January 2018

Axis Business Centre
Thainstone
INVERURIE
AB51 5TB

MORRISON MOTORS (TURRIFF) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2017

	Notes	2017 £	2016 £
Turnover	3	27,161,769	26,791,482
Cost of sales		(25,533,112)	(25,243,343)
Gross profit		1,628,657	1,548,139
Administrative expenses		(629,080)	(635,161)
Other operating income		234	-
Operating profit	4	999,811	912,978
Interest receivable and similar income	7	7,758	11,576
Interest payable and similar expenses	8	-	(252)
Profit before taxation		1,007,569	924,302
Taxation	9	(208,682)	(190,201)
Profit for the financial year	20	798,887	734,101

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

There are no recognised gains and losses in the current or prior year other than as included in the profit and loss account. Accordingly, no statement of comprehensive income is presented.

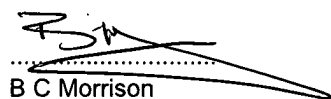
MORRISON MOTORS (TURRIFF) LIMITED

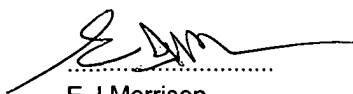
BALANCE SHEET

AS AT 31 JULY 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	11		605,031		505,130
Current assets					
Stocks	13	3,584,081		3,190,816	
Debtors	14	977,431		1,451,816	
Cash at bank and in hand		3,729,601		3,238,462	
		8,291,113		7,881,094	
Creditors: amounts falling due within one year	15	(1,071,554)		(1,161,929)	
Net current assets			7,219,559		6,719,165
Total assets less current liabilities			7,824,590		7,224,295
Provisions for liabilities	16		(28,546)		(27,138)
Net assets			7,796,044		7,197,157
Capital and reserves					
Called up share capital	19		100		100
Profit and loss reserves	20		7,795,944		7,197,057
Total equity			7,796,044		7,197,157

The financial statements were approved by the board of directors and authorised for issue on 28/12/17..... and are signed on its behalf by:


B C Morrison
Director


E J Morrison
Director

Company Registration No. SC125713

MORRISON MOTORS (TURRIFF) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 August 2015		100	6,862,956	6,863,056
Year ended 31 July 2016:				
Profit and total comprehensive income for the year		-	734,101	734,101
Dividends	10	-	(400,000)	(400,000)
Balance at 31 July 2016		100	7,197,057	7,197,157
Year ended 31 July 2017:				
Profit and total comprehensive income for the year		-	798,887	798,887
Dividends	10	-	(200,000)	(200,000)
Balance at 31 July 2017		100	7,795,944	7,796,044

MORRISON MOTORS (TURRIFF) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	24	1,013,674		1,445,642	
Interest paid		-		(252)	
Income taxes paid		(148,028)		(331,751)	
Net cash inflow from operating activities		<u>865,646</u>		<u>1,113,639</u>	
Investing activities					
Purchase of tangible fixed assets		(186,765)		(188,191)	
Proceeds on disposal of tangible fixed assets		4,500		-	
Interest received		7,758		11,576	
Net cash used in investing activities		<u>(174,507)</u>		<u>(176,615)</u>	
Financing activities					
Dividends paid		(200,000)		(400,000)	
Net cash used in financing activities		<u>(200,000)</u>		<u>(400,000)</u>	
Net increase in cash and cash equivalents		<u>491,139</u>		<u>537,024</u>	
Cash and cash equivalents at beginning of year		3,238,462		2,701,438	
Cash and cash equivalents at end of year		<u><u>3,729,601</u></u>		<u><u>3,238,462</u></u>	

MORRISON MOTORS (TURRIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2017

1 Accounting policies

Company information

Morrison Motors (Turriff) Limited is a private company limited by shares incorporated in Scotland. The registered office is Axis Business Centre, Thainstone, Inverurie, AB51 5TB. The principal place of business is Greengates, Banff Road, Turriff, Aberdeenshire, AB53 5TA.

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 pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

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 vehicles, workshop parts & services and finance commission net of VAT and trade discounts.

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.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Tangible fixed assets

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

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 Leasehold	- 10% - 20% reducing balance
Plant and machinery	- 25% reducing balance
Fixtures, fittings & equipment	- 25% reducing balance
Computer equipment	- 25% reducing balance
Motor vehicles	- 25% 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.

MORRISON MOTORS (TURRIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

1 Accounting policies

(Continued)

1.5 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.

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.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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 and deposits held at call with banks.

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.

MORRISON MOTORS (TURRIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

1 Accounting policies

(Continued)

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.

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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

MORRISON MOTORS (TURRIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

1 Accounting policies

(Continued)

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.

Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

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.

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.

MORRISON MOTORS (TURRIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock valuation

The application of the company's accounting policy (see Note 1.6), particularly in relation to assessment of impairment, requires management judgement.

3 Turnover and other revenue

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

	2017 £	2016 £
Turnover		
Vehicle sales and maintenance	27,161,769	26,791,482
Other significant revenue		
Interest income	7,758	11,576

Turnover analysed by geographical market

	2017 £	2016 £
United Kingdom	27,161,769	26,791,482

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	15,000	15,000
Depreciation of owned tangible fixed assets	84,859	80,126
(Profit)/loss on disposal of tangible fixed assets	(2,495)	568
Cost of stocks recognised as an expense	24,277,649	23,996,103

MORRISON MOTORS (TURRIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

5 Employees

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

	2017 Number	2016 Number
Sales	20	18
Administration and directors	5	7
Garage services	12	12
	<u>37</u>	<u>37</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	1,185,744	1,181,369
Social security costs	121,546	114,315
Pension costs	10,260	29,754
	<u>1,317,550</u>	<u>1,325,438</u>

6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	<u>72,000</u>	<u>72,000</u>

7 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	7,491	11,576
Other interest income	267	-
	<u>7,758</u>	<u>11,576</u>

8 Interest payable and similar expenses

	2017 £	2016 £
Other finance costs:		
Other interest	-	252
	<u>-</u>	<u>252</u>

MORRISON MOTORS (TURRIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

9 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	207,274	178,028
Deferred tax		
Origination and reversal of timing differences	1,408	14,418
Changes in tax rates	-	(2,245)
Total deferred tax	1,408	12,173
Total tax charge	208,682	190,201

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:

	2017 £	2016 £
Profit before taxation	1,007,569	924,302
Expected tax charge based on the standard rate of corporation tax in the UK of 19.67% (2016: 20.00%)	198,146	184,860
Tax effect of expenses that are not deductible in determining taxable profit	1,768	1,749
Effect of change in corporation tax rate	(220)	(4,789)
Fixed asset differences	8,988	8,381
Taxation charge for the year	208,682	190,201

10 Dividends

	2017 £	2016 £
Interim paid	200,000	400,000

MORRISON MOTORS (TURRIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

11 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 August 2016	654,599	186,518	72,146	23,348	68,689	1,005,300
Additions	144,524	31,435	10,806	-	-	186,765
Disposals	-	-	-	-	(7,604)	(7,604)
At 31 July 2017	799,123	217,953	82,952	23,348	61,085	1,184,461
Depreciation and impairment						
At 1 August 2016	261,782	135,227	44,234	4,378	54,549	500,170
Depreciation charged in the year	51,052	16,951	9,239	4,742	2,875	84,859
Eliminated in respect of disposals	-	-	-	-	(5,599)	(5,599)
At 31 July 2017	312,834	152,178	53,473	9,120	51,825	579,430
Carrying amount						
At 31 July 2017	486,289	65,775	29,479	14,228	9,260	605,031
At 31 July 2016	392,817	51,291	27,912	18,970	14,140	505,130

12 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	4,646,700	4,623,785
Carrying amount of financial liabilities		
Measured at amortised cost	746,927	924,466

13 Stocks

	2017 £	2016 £
Parts and workshop supplies	61,270	50,037
Vehicles	3,522,811	3,140,779
	3,584,081	3,190,816

MORRISON MOTORS (TURRIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

14 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	367,415	507,911
Other debtors	549,684	877,412
Prepayments and accrued income	60,332	66,493
	<u>977,431</u>	<u>1,451,816</u>

15 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	288,459	227,530
Corporation tax	87,274	28,028
Other taxation and social security	237,353	209,435
Other creditors	318,259	610,457
Accruals and deferred income	140,209	86,479
	<u>1,071,554</u>	<u>1,161,929</u>

16 Provisions for liabilities

	Notes	2017	2016
		£	£
Deferred tax liabilities	17	28,546	27,138
		<u>28,546</u>	<u>27,138</u>

17 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	Liabilities
	2017	2016
Balances:	£	£
Accelerated capital allowances	<u>28,546</u>	<u>27,138</u>

MORRISON MOTORS (TURRIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

17 Deferred taxation (Continued)

	2017 £
Movements in the year:	
Liability at 1 August 2016	27,138
Charge to profit or loss	1,408
Liability at 31 July 2017	<u>28,546</u>

18 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>10,260</u>	<u>29,754</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.

19 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

20 Profit and loss reserves

The profit and loss account reserve represents cumulative profits and losses net of dividends and other adjustments.

21 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	<u>79,683</u>	<u>79,697</u>

MORRISON MOTORS (TURRIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

21 Related party transactions

(Continued)

Transactions with related parties

During the year the company made sales of £144,641 (2016 - £206,893) to, and purchase of £1,901,866 (2016 - £1,642,577) from, MVR (Turrieff) Limited, a company in which the directors of the company are directors and shareholders. At the year end the balance due from MVR (Turrieff) Limited was £467,936 (2016 - £768,888).

22 Directors' transactions

Dividends totalling £200,000 (2016 - £400,000) were paid in the year in respect of shares held by the company's directors.

The company operates current accounts with the directors through which various personal expenses are offset. At the year end the directors were owed the following amounts:

B C Morrison £141,414 (2016 - £318,116)

E J Morrison £124,204 (2016 - £226,681)

These amounts are included in creditors due in less than one year. The amounts owed by the company are interest free and there are no fixed terms of repayment.

During the year the directors charged the company rent of £60,000 (2016 - £60,000) for use of the premises which they own personally. The rent is charged at market value.

23 Controlling party

The company is controlled by the directors who equally own 100% of the issued share capital.

MORRISON MOTORS (TURRIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

24 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	798,887	734,101
Adjustments for:		
Taxation charged	208,682	190,201
Finance costs	-	252
Investment income	(7,758)	(11,576)
(Gain)/loss on disposal of tangible fixed assets	(2,495)	568
Depreciation and impairment of tangible fixed assets	84,859	80,126
Movements in working capital:		
(Increase)/decrease in stocks	(393,265)	21,574
Decrease/(increase) in debtors	474,385	(54,012)
(Decrease)/increase in creditors	(149,621)	484,408
Cash generated from operations	<u><u>1,013,674</u></u>	<u><u>1,445,642</u></u>