

REGISTERED NUMBER: SC508621 (Scotland)

Group Strategic Report, Report of the Director and
Consolidated Financial Statements for the Year Ended 31 August 2017
for
Border Cars Group Limited

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COMPANIES HOUSE

ASE Audit LLP
Statutory Auditors & Chartered Accountants
Rowan Court
Concord Business Park
Manchester
Greater Manchester
M22 0RR

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for the Year Ended 31 August 2017

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Border Cars Group Limited

Company Information
for the Year Ended 31 August 2017

DIRECTOR: M V Fusco

REGISTERED OFFICE: 130 - 132 Terregles Street
Dumfries
Dumfries & Galloway
DG2 9DX

REGISTERED NUMBER: SC508621 (Scotland)

AUDITORS: ASE Audit LLP
Statutory Auditors & Chartered Accountants
Rowan Court
Concord Business Park
Manchester
Greater Manchester
M22 0RR

Border Cars Group Limited (Registered number: SC508621)

Group Strategic Report
for the Year Ended 31 August 2017

The director presents his strategic report of the company and the group for the year ended 31 August 2017.

REVIEW OF BUSINESS

The group's principal activities during the financial year continued to be the servicing of our loyal customer base, with a first class after sales experience and to provide outstanding new and used vehicle franchise choice in a friendly environment at market competitive prices.

The business has taken the opportunity to reevaluate its financial policies in many key areas. This review has led to the business making several changes to its recognition of over age stock in both parts and used cars and its valuation in the *Statement of Financial Position*.

In addition the implementation of maximum stock holding period policy which is in line with industry standards will have a significant impact on the success of the 2017/18 financial year.

The company has also taken the opportunity to work with some specialist Motor Trade turnaround consultants to assist in returning the business to profitability during the next financial year.

The above actions will also impact positively on the Groups cash flow through the 2017/18 financial year as funds are used more efficiently in the generation of profit.

Whilst the above actions have had a significant impact on the 2016/7 financial year the benefit moving forwards will ensure that the Group returns back in to profit with a more sustainable business model.

PRINCIPAL RISKS AND UNCERTAINTIES

The business recognises that all organisations face an element of risk with both their current operations and with future growth strategies. Border Cars looks at a risk mitigation strategy by continually discussing the issues at large and, as required, agreeing relevant action points. The management team considers all types of analysis, not as an infrequent simple snapshot in time, but instead the team looks at strengths, weaknesses, opportunities and threats monthly, and each manager is asked to discuss them at their monthly meetings. The business considers the key areas of franchise risk, market risk, people risk and competitive risk. The director is continuing to monitor the potential impact of 'Brexit' which could, potentially, have an adverse impact on interest rates, the strength of sterling and the imposition of tariffs.

KEY PERFORMANCE INDICATORS

The business produces internal monthly management information including key performance indicators, which are benchmarked against well performing, similar, businesses within the sector. These are scrutinised monthly, by the Board, who will rapidly implement changes within the business to improve performance.

The Financial key performance ratios for the year to August 2017 are the following, Overhead absorption 38%, New to Used ratio 1:1, Sales per sales executive 115, Used stock turn 7 and a Parts stock turn of 5.

The employees are considered a major asset to the business, therefore staff turnover is monitored closely by the company.

MARKET RISK

The condition of the economy affects every business. Border Cars monitors statistics such as showroom traffic, advertising costs per unit sold and average sales per week. The business responds accordingly by communicating with its own database and customer parc, and maintains a positive effect throughout the business. The current market poses challenges from subdued customer spending but the company is satisfied with the current year results.

FRANCHISE RISK

The business started with one franchise over 30 years ago. In those days, if this one franchise experienced a difficult year the business would also find things hard. However, with a current basket of eight franchises the management team are content all reasonable steps have been taken to mitigate against franchise risk. The business does not believe there are any long-term issues with any one of the current franchises and although one or two may waiver from time to time (and this can affect short-term profits), all have a strong international and stable presence. For all franchises the business keeps a close eye on money owed by way of bonus or warranty payments, on national sales and penetration rates and on quality or PR issues.

PEOPLE RISK

Good people are at the heart of any good business. The management team has increased in size as talented individuals have been promoted from within, and as new individuals have been employed from external established motor trade groups. All are rewarded with remuneration packages above the average for the sector, and the level of rewards are linked to the performance of the business. The management team discusses key roles regularly and always considers what might happen if anyone left, or could no longer carry out their role.

Group Strategic Report
for the Year Ended 31 August 2017

COMPETITIVE RISK

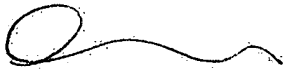
The business reviews the competition in the motor trade in the form of both the national players and the good local operators. Competitor labour rates are checked monthly, as are on-line vehicle adverts. There are some good operators in Dumfries, Carlisle, Workington and Ayr but no particular motor trade business causes the business any concern.

POSSIBLE IMPACT OF BREXIT

A "Hard" Brexit may have an impact on the UK car market from March 2019 with possible rises in the cost of vehicles and parts from overseas due to adverse exchange rates and higher tariffs.

Per SMMT "Import tariffs alone could push up the list price of cars imported to the UK from the continent by an average of £1,500 if brands and their retail networks were unable to absorb these additional costs." This would affect demand for new car sales with selling price rises inevitable, although used car sales volumes may increase.

ON BEHALF OF THE BOARD:



M V Fusco - Director

Date:

25/5/2018

Border Cars Group Limited (Registered number: SC508621)

Report of the Director
for the Year Ended 31 August 2017

The director presents his report with the financial statements of the company and the group for the year ended 31 August 2017.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of a motor vehicle retailer.

DIVIDENDS

No dividends will be distributed for the year ended 31 August 2017.

The company and group did not pay any dividends in the current or previous year.

FUTURE DEVELOPMENTS

The Director considers that the group has implemented many changes in the last few years and as a result will perform satisfactorily for 2017/18. Apart from ongoing corporate identity changes for some franchises there are no major developments planned and the business is focused on returning to profits.

DIRECTOR

M V Fusco held office during the whole of the period from 1 September 2016 to the date of this report.

FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Company and Group uses various financial instruments which include bank, financial institution and stocking loans, cash and various items, such as consignment stock, trade debtors and trade creditors that arise directly from operations. The main purpose of these financial instruments is to raise finance for the Group's operations. Their existence exposes the Group to a number of financial risks.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk. The company has in place risk management policies, which are implemented by the Group's finance department. These policies, which are consistent with those from the previous year, seek to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and related finance costs.

INTEREST RATE RISK

Bank borrowings are used in peak periods, however due to the limited use of this facility and recent stability in low interest rate provision, the Director does not deem it necessary to hedge against interest rate fluctuations.

LIQUIDITY RISK

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance. The Group makes efforts to manage the financial risk by the monitoring of cashflow to ensure that the Group is able to meet its foreseeable debts as they fall due and to invest any cash assets profitably.

CREDIT RISK

The Group's principal financial assets are stock and trade debtors. The credit risk associated with its stock is limited and therefore the principal credit risk arises from its trade debtors.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. These credit limits are reviewed by the Director on a regular basis in conjunction with aged debtors and collection history.

POST BALANCE SHEET EVENTS

There have been no events that have affected the company post balance sheet.

EMPLOYEE INVOLVEMENT

The Group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the year, the policy of providing employees with information about the group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

DISABLED EMPLOYEES

The Group gives full consideration to applications for employment from disabled persons where the requirement of the job can be adequately fulfilled by a disabled person. Where an existing employee becomes disabled, it is Group policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Report of the Director
for the Year Ended 31 August 2017

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Group Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

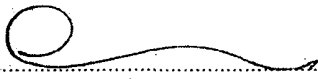
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, ASE Audit LLP, will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:


M V Fusco - Director

Date: 25/5/2018

**Report of the Independent Auditors to the Members of
Border Cars Group Limited**

Opinion

We have audited the financial statements of Border Cars Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2017 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 a Report of the Auditors 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 group's and of the parent company affairs as at 31 August 2017 and of the group's loss 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group'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 director is responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

Opinion 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 Group Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of
Border Cars Group Limited**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Director.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities, the director is 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 director determines 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 director is responsible for assessing the group's and the parent 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 director either intends to liquidate the group or the parent company or to cease operations, or has no realistic alternative but to do so.

Our 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 a Report of the Auditors 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

ASE Audit LLP

Robert Jones BA FCA (Senior Statutory Auditor)
for and on behalf of ASE Audit LLP
Statutory Auditors & Chartered Accountants
Rowan Court
Concord Business Park
Manchester
Greater Manchester
M22 0RR

Date:

29/5/2018

Border Cars Group Limited (Registered number: SC508621)

Consolidated Statement of Comprehensive Income
for the Year Ended 31 August 2017

		2017	2016
	Notes	£	as restated £
TURNOVER	3	79,236,714	81,409,536
Cost of sales		<u>70,226,258</u>	<u>72,207,378</u>
GROSS PROFIT		9,010,456	9,202,158
Administrative expenses		<u>9,436,125</u>	<u>9,177,397</u>
		(425,669)	24,761
Other operating income	4	-	22,852
OPERATING (LOSS)/PROFIT	6	(425,669)	47,613
Interest payable and similar expenses	7	<u>387,911</u>	<u>429,288</u>
LOSS BEFORE TAXATION		(813,580)	(381,675)
Tax on loss	8	<u>(14,492)</u>	<u>11,125</u>
LOSS FOR THE FINANCIAL YEAR		(799,088)	(392,800)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(799,088)</u>	<u>(392,800)</u>
Loss attributable to: Owners of the parent		<u>(799,088)</u>	<u>(392,800)</u>
Total comprehensive income attributable to: Owners of the parent		<u>(799,088)</u>	<u>(392,800)</u>

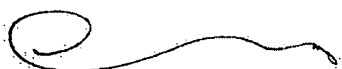
The notes form part of these financial statements

Border Cars Group Limited (Registered number: SC508621)

Consolidated Statement of Financial Position
31 August 2017

	Notes	2017 £	2016 as restated £
FIXED ASSETS			
Intangible assets	11	-	-
Tangible assets	12	9,763,137	9,788,632
Investments	13	-	-
Investment property	14	300,000	300,000
		<u>10,063,137</u>	<u>10,088,632</u>
CURRENT ASSETS			
Stocks	15	18,578,998	16,099,146
Debtors	16	1,480,626	2,499,700
Cash at bank		1,323,075	1,486,851
		<u>21,382,699</u>	<u>20,085,697</u>
CREDITORS			
Amounts falling due within one year	17	(22,352,456)	(20,173,351)
NET CURRENT LIABILITIES		<u>(969,757)</u>	<u>(87,654)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,093,380</u>	<u>10,000,978</u>
CREDITORS			
Amounts falling due after more than one year	18	(3,139,078)	(3,233,096)
PROVISIONS FOR LIABILITIES	22	(232,290)	(246,782)
NET ASSETS		<u>5,722,012</u>	<u>6,521,100</u>
CAPITAL AND RESERVES			
Called up share capital	23	12	12
Revaluation reserve	24	774,638	774,638
Retained earnings	24	4,947,362	5,746,450
SHAREHOLDERS' FUNDS		<u>5,722,012</u>	<u>6,521,100</u>

The financial statements were approved by the director on 25/5/2018 and were signed by:


M V Fusco - Director

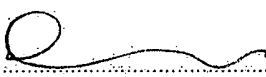
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Border Cars Group Limited (Registered number: SC508621)

Company Statement of Financial Position
31 August 2017

		2017	2016
		£	as restated £
FIXED ASSETS			
Intangible assets	11	-	-
Tangible assets	12	9,763,137	9,788,632
Investments	13	-	-
Investment property	14	300,000	300,000
		<u>10,063,137</u>	<u>10,088,632</u>
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Stocks	15	18,578,998	16,099,146
Debtors	16	1,480,626	2,499,700
Cash at bank		1,323,075	1,486,851
		<u>21,382,699</u>	<u>20,085,697</u>
CREDITORS			
Amounts falling due within one year	17	<u>(22,352,456)</u>	<u>(20,173,351)</u>
NET CURRENT LIABILITIES		<u>(969,757)</u>	<u>(87,654)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,093,380	10,000,978
CREDITORS:			
Amounts falling due after more than one year	18	(3,139,078)	(3,233,096)
PROVISIONS FOR LIABILITIES	22	<u>(232,290)</u>	<u>(246,782)</u>
NET ASSETS		<u>5,722,012</u>	<u>6,521,100</u>
CAPITAL AND RESERVES			
Called up share capital	23	12	12
Revaluation reserve	24	774,638	774,638
Retained earnings	24	4,947,362	5,746,450
SHAREHOLDERS' FUNDS		<u>5,722,012</u>	<u>6,521,100</u>
Company's loss for the financial year		<u>(799,088)</u>	<u>(392,800)</u>

The financial statements were approved by the director on 25/5/2018 and were signed by:


M V Fusco - Director

The notes form part of these financial statements

Border Cars Group Limited (Registered number: SC508621)

Consolidated Statement of Changes in Equity
for the Year Ended 31 August 2017

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 September 2015	12	6,139,250	774,638	6,913,900
Changes in equity				
Total comprehensive income	-	(392,800)	-	(392,800)
Balance at 31 August 2016	12	5,746,450	774,638	6,521,100
Changes in equity				
Total comprehensive income	-	(799,088)	-	(799,088)
Balance at 31 August 2017	12	4,947,362	774,638	5,722,012

The notes form part of these financial statements

Border Cars Group Limited (Registered number: SC508621)

Company Statement of Changes in Equity
for the Year Ended 31 August 2017

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 September 2015	12	6,139,250	774,638	6,913,900
Changes in equity				
Total comprehensive income	-	(392,800)	-	(392,800)
Balance at 31 August 2016	12	5,746,450	774,638	6,521,100
Changes in equity				
Total comprehensive income	-	(799,088)	-	(799,088)
Balance at 31 August 2017	12	4,947,362	774,638	5,722,012

The notes form part of these financial statements

Border Cars Group Limited (Registered number: SC508621)

Consolidated Statement of Cash Flows
for the Year Ended 31 August 2017

		2017	2016
		£	as restated £
Cash flows from operating activities			
Cash generated from operations	1	731,731	1,629,576
Interest paid		(387,911)	(429,288)
Tax paid		-	(40,460)
Net cash from operating activities		343,820	1,159,828
Cash flows from investing activities			
Purchase of tangible fixed assets		(874,649)	(1,008,252)
Sale of tangible fixed assets		575,831	314,816
Net cash from investing activities		(298,818)	(693,436)
Cash flows from financing activities			
New loans in year		-	327,109
Loan repayments in year		(224,084)	(207,356)
Amount introduced by directors		15,306	7,207
Net cash from financing activities		(208,778)	126,960
(Decrease)/increase in cash and cash equivalents		(163,776)	593,352
Cash and cash equivalents at beginning of year	2	1,486,851	893,499
Cash and cash equivalents at end of year	2	1,323,075	1,486,851

The notes form part of these financial statements

Border Cars Group Limited (Registered number: SC508621)

Notes to the Consolidated Statement of Cash Flows
for the Year Ended 31 August 2017

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017	2016 as restated
	£	£
Loss before taxation	(813,580)	(381,675)
Depreciation charges	324,313	333,679
Profit on disposal of fixed assets	-	(2,226)
Finance costs	387,911	429,288
	<u>(101,356)</u>	<u>379,066</u>
(Increase)/decrease in stocks	(2,479,852)	2,442,795
Decrease in trade and other debtors	1,019,074	335,525
Increase/(decrease) in trade and other creditors	2,293,865	(1,527,810)
	<u>731,731</u>	<u>1,629,576</u>
Cash generated from operations	<u>731,731</u>	<u>1,629,576</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 August 2017

	31.8.17	1.9.16
	£	£
Cash and cash equivalents	<u>1,323,075</u>	<u>1,486,851</u>

Year ended 31 August 2016

	31.8.16	1.9.15
	as restated	as restated
	£	£
Cash and cash equivalents	<u>1,486,851</u>	<u>893,499</u>

The notes form part of these financial statements

Border Cars Group Limited (Registered number: SC508621)

Notes to the Consolidated Financial Statements
for the Year Ended 31 August 2017

1. STATUTORY INFORMATION

Border Cars Group Limited is a private company, limited by shares, registered in Scotland. The company's registered office address and principal place of business is 130-132 Terregles Street, Dumfries, Dumfries & Galloway, DG2 9DX.

The presentation currency of the financial statements is the Pound Sterling (£).

The principal activity of company is that of a motor dealership.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, unless otherwise stated.

The following accounting policies have been applied:

Going concern

At the balance sheet date the Group had net current liabilities of £969,757 and net assets of £5,722,012. The director prepares budgets and cash flow projections which demonstrate that the Group can manage its working capital and generate sufficient operating cash flows to enable it to meet its liabilities as they fall due. These projections include the ongoing renewal of banking facilities which the director has reasonable expectation and so the director considers it appropriate to prepare the financial statements on a going concern basis.

Basis of consolidation

The financial statements consolidate the accounts of Border Cars Group Limited and all of its subsidiary group undertakings ('subsidiaries').

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2017

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Consignment stock

Vehicles held on consignment have been included in 'vehicle stocks' within 'stocks' on the basis that the Group has determined that it holds the significant risks and rewards attached to these vehicles.

Stock valuation

Stock valuation is regularly monitored against age profile and market demand. Management use a number of market tools during the appraisal process including Glass' and CAP valuation guides. The directors maintain oversight of ageing stock profiles and a monthly review of any provision required is performed.

Property, plant and equipment assets

Property, plant and equipment are reviewed for impairment if events or circumstances indicate that the carrying value may not be recoverable. When an impairment review is carried out the recoverable value is determined based on value in use calculations which require estimates to be made of future cash flows.

Investment properties

Investment properties are professionally valued annually using a yield of methodology using market rental values capitalised at a market capitalisation rate, but there is an inevitable degree of judgment involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

Goodwill

Goodwill is tested at least annually for impairment in accordance with the accounting policy set out above. The recoverable amount of cash generating units is determined based on value in use calculations. These impairment calculations require the use of estimates including projected future cash flows.

Incentives and other rebates from brand partners

The company receives income in the form of various incentives which are determined by brand partners. The amount received is generally based on achieving specific objectives such as a specified sales volume, as well as other objectives including maintaining brand partner standards which may include, but are not limited to, retail centre image and design requirements, customer satisfaction survey results and training standards. Objectives are generally set and measured on either a quarterly or annual basis.

Where incentives are based on a specific sales volume or number of registrations, the related income is recognised as a reduction in cost of sales when it is reasonably certain that the income has been earned. This is generally the later of the date the related vehicles are sold or registered or when it is reasonably certain that the related target will be met. Where incentives are linked to retail centre image and design requirements, customer satisfaction survey results or training standards, they are recognised as a reduction in cost of sales when it is reasonably certain that the incentive will be received for the relevant period.

The company may also receive contributions towards advertising, promotional and rent expenditure. Where such contributions are received they are recognised as a reduction in the related expenditure in the period to which they relate.

Revenue

Turnover from the sale of goods is recognised in the Statement of Comprehensive Income, net of discounts and value added tax, when the significant risks and rewards of ownership have been transferred to the buyer. In general this occurs when vehicles or parts have been supplied or when a service has been completed.

Commission income is recognised on a receivable basis.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2017

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Income Statement during the period in which they are incurred.

Depreciation is charged as so to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Depreciation is provided on the following bases:

Freehold property	-	0.5% per annum
Long term leasehold property	-	Over the terms of the lease
Motor vehicles	-	25% per annum
Fixtures and fittings	-	15% - 25% per annum
Office equipment	-	25% per annum
Computer equipment	-	15% - 25% per annum

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Income Statement.

Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The company has taken advantage of the transitional provision of FRS 102, and all previously revalued assets will remain with the revalued amount as deemed cost for future accounting periods.

Revaluation gains and losses are recognised in the Consolidated Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit and loss.

Investment property

Investment property is carried at fair value determined by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income.

Stocks

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Consignment stock

Consignment vehicles which bear considerably more of the risks and responsibilities of ownership are regarded effectively as being under the control of the company and, in accordance with FRS 102 are included in stocks on the balance sheet, although legal title has not been passed to the company. The corresponding liability is included in the trade creditors and is secured directly on these vehicles.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2017

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Operating leases: lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Borrowing costs

All borrowing costs are recognised in the Income Statement in the year in which they are incurred.

Border Cars Group Limited (Registered number: SC508621)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2017

2. ACCOUNTING POLICIES - continued

Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, such as the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2017	2016 as restated
	£	£
Sale of goods	75,076,068	77,417,920
Rendering of services	3,366,097	3,320,097
Commissions receivable	794,549	671,519
	<u>79,236,714</u>	<u>81,409,536</u>

4. OTHER OPERATING INCOME

	2017	2016 as restated
	£	£
Other operating income	<u>-</u>	<u>22,852</u>

5. EMPLOYEES AND DIRECTORS

	2017	2016 as restated
	£	£
Wages and salaries	6,318,167	6,041,046
Social security costs	533,409	513,756
Other pension costs	37,298	44,748
	<u>6,888,874</u>	<u>6,599,550</u>

The average number of employees during the year was as follows:

	2017	2016 as restated
Management and admin	51	52
Sales	105	110
Production	160	165
	<u>316</u>	<u>327</u>

Border Cars Group Limited (Registered number: SC508621)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2017

5. EMPLOYEES AND DIRECTORS - continued

The average number of employees by undertakings that were proportionately consolidated during the year was NIL (2016 - NIL).

	2017	2016 as restated
	£	£
Director's remuneration	<u>-</u>	<u>-</u>

6. OPERATING (LOSS)/PROFIT

The operating loss (2016 - operating profit) is stated after charging/(crediting):

	2017	2016 as restated
	£	£
Hire of plant and machinery	18,059	8,760
Other operating leases	92,043	92,212
Depreciation - owned assets	324,313	333,679
Profit on disposal of fixed assets	-	(2,226)
Auditors' remuneration	14,400	14,832
Auditors' remuneration for non-audit work	3,600	3,708
	<u>387,911</u>	<u>429,288</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016 as restated
	£	£
Bank interest	3,317	6,602
Bank loan interest	82,784	92,471
Stocking loan interest	301,810	330,215
	<u>387,911</u>	<u>429,288</u>

8. TAXATION

Analysis of the tax (credit)/charge:

The tax (credit)/charge on the loss for the year was as follows:

	2017	2016 as restated
	£	£
Current tax:		
UK corporation tax	-	(10,242)
Deferred tax	(14,492)	21,367
Tax on loss	<u>(14,492)</u>	<u>11,125</u>

Border Cars Group Limited (Registered number: SC508621)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2017**

8. TAXATION - continued

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2017	2016 as restated
	£	£
Loss before tax	<u>(813,580)</u>	<u>(381,675)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19.580% (2016 - 20%)	<u>(159,299)</u>	<u>(76,335)</u>
Effects of:		
Income not taxable for tax purposes	(1,194)	(649)
Adjustments to tax charge in respect of previous periods	-	(10,242)
Depreciation on non-qualifying assets	5,685	5,704
Disposals of fixed assets	(2,344)	-
Effect of non-recognition of deferred tax asset	145,807	71,740
Amortisation of goodwill	-	12,000
Adjustments to deferred tax in respect of the previous period	<u>(3,147)</u>	<u>8,907</u>
Total tax (credit)/charge	<u><u>(14,492)</u></u>	<u><u>11,125</u></u>

The Group has total tax losses to carry forward of £3,076,545 (2016: £2,255,571).

A reduction in the corporation tax rate from 20% to 19% from 1 April 2019 and to 17% from 1 April 2020 was substantively enacted on 6 September 2016. Future tax liabilities will reduce accordingly and deferred tax has been provided at 20% in these financial statements.

9. PARENT COMPANY PROFIT FOR THE YEAR

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

10. PRIOR YEAR ADJUSTMENT

Commissions received of £671,519 has been reclassified in the prior period to be included in turnover rather than other income

11. INTANGIBLE FIXED ASSETS

Group

	Goodwill £
COST	
At 1 September 2016 and 31 August 2017	<u>60,000</u>
AMORTISATION	
At 1 September 2016 and 31 August 2017	<u>60,000</u>
NET BOOK VALUE	
At 31 August 2017	<u>-</u>
At 31 August 2016	<u>-</u>

Border Cars Group Limited (Registered number: SC508621)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2017**

11. INTANGIBLE FIXED ASSETS - continued

Company

	Goodwill £
COST	
At 1 September 2016 and 31 August 2017	60,000
AMORTISATION	
At 1 September 2016 and 31 August 2017	60,000
NET BOOK VALUE	
At 31 August 2017	-
At 31 August 2016	-

12. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Long leasehold £	Office equipment £	Plant and machinery £
COST				
At 1 September 2016	8,608,082	-	9,221	1,018,642
Additions	522,306	4,563	-	50,720
Reclassification/transfer	(2,604,986)	2,604,986	-	-
At 31 August 2017	6,525,402	2,609,549	9,221	1,069,362
DEPRECIATION				
At 1 September 2016	238,147	-	4,667	792,636
Charge for year	22,752	12,957	506	77,527
Eliminated on disposal	-	-	-	-
Reclassification/transfer	(160,927)	160,927	-	-
At 31 August 2017	99,972	173,884	5,173	870,163
NET BOOK VALUE				
At 31 August 2017	6,425,430	2,435,665	4,048	199,199
At 31 August 2016	8,369,935	-	4,554	226,006

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2017

12. TANGIBLE FIXED ASSETS - continued

Group

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 September 2016	316,859	1,431,131	703,615	12,087,550
Additions	2,409	276,471	18,180	874,649
Disposals	-	(693,052)	-	(693,052)
At 31 August 2017	319,268	1,014,550	721,795	12,269,147
DEPRECIATION				
At 1 September 2016	211,902	448,746	602,820	2,298,918
Charge for year	24,312	149,399	36,860	324,313
Eliminated on disposal	-	(117,221)	-	(117,221)
Reclassification/transfer	-	-	-	-
At 31 August 2017	236,214	480,924	639,680	2,506,010
NET BOOK VALUE				
At 31 August 2017	83,054	533,626	82,115	9,763,137
At 31 August 2016	104,957	982,385	100,795	9,788,632

Tangible fixed assets with a carrying value of £9,763,137 (2016: £9,788,632) are pledged as security for the company's bank loans.

Company

	Freehold property £	Long leasehold £	Office equipment £	Plant and machinery £
COST				
At 1 September 2016	8,608,082	-	9,221	1,018,642
Additions	522,306	4,563	-	50,720
Reclassification/transfer	(2,604,986)	2,604,986	-	-
At 31 August 2017	6,525,402	2,609,549	9,221	1,069,362
DEPRECIATION				
At 1 September 2016	238,147	-	4,667	792,636
Charge for year	22,752	12,957	506	77,527
Eliminated on disposal	-	-	-	-
Reclassification/transfer	(160,927)	160,927	-	-
At 31 August 2017	99,972	173,884	5,173	870,163
NET BOOK VALUE				
At 31 August 2017	6,425,430	2,435,665	4,048	199,199
At 31 August 2016	8,369,935	-	4,554	226,006

Border Cars Group Limited (Registered number: SC508621)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2017**

12. TANGIBLE FIXED ASSETS - continued

Company

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 September 2016	316,859	1,431,131	703,615	12,087,550
Additions	2,409	276,471	18,180	874,649
Disposals	-	(693,052)	-	(693,052)
At 31 August 2017	<u>319,268</u>	<u>1,014,550</u>	<u>721,795</u>	<u>12,269,147</u>
DEPRECIATION				
At 1 September 2016	211,902	448,746	602,820	2,298,918
Charge for year	24,312	149,399	36,860	324,313
Eliminated on disposal	-	(117,221)	-	(117,221)
Reclassification/transfer	-	-	-	-
At 31 August 2017	<u>236,214</u>	<u>480,924</u>	<u>639,680</u>	<u>2,506,010</u>
NET BOOK VALUE				
At 31 August 2017	<u>83,054</u>	<u>533,626</u>	<u>82,115</u>	<u>9,763,137</u>
At 31 August 2016	<u>104,957</u>	<u>982,385</u>	<u>100,795</u>	<u>9,788,632</u>

Tangible fixed assets with a carrying value of £9,763,137 (2016: £9,788,632) are pledged as security for the company's bank loans.

13. FIXED ASSET INVESTMENTS

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries

Border Cars (Ayr) Limited

Registered office: Same address as parent

Nature of business: Non trading

Class of shares:	%
Ordinary	holding 100.00

Border Cars (Carlisle) Limited

Registered office: Same address as parent

Nature of business: Non trading

Class of shares:	%
Ordinary	holding 100.00

Border Cars (Dumfries) Limited

Registered office: Same address as parent

Nature of business: Non trading

Class of shares:	%
Ordinary	holding 100.00

Border Cars (Lillyhall) Limited

Registered office: Same address as parent

Nature of business: Non trading

Class of shares:	%
Ordinary	holding 100.00

Border Cars Group Limited (Registered number: SC508621)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2017

13. FIXED ASSET INVESTMENTS - continued

Border Cars (Stranraer) Limited

Registered office: Same address as parent

Nature of business: Non trading

Class of shares:	%
Ordinary	holding 100.00

Border Cars Limited

Registered office: Same address as parent

Nature of business: Non trading

Class of shares:	%
Ordinary	holding 100.00

14. INVESTMENT PROPERTY

Group

FAIR VALUE

At 1 September 2016
and 31 August 2017

**Total
£**

300,000

NET BOOK VALUE

At 31 August 2017

300,000

At 31 August 2016

300,000

Fair value at 31 August 2017 is represented by:

	£
Valuation in 2011	165,000
Cost	135,000
	300,000

If investment property had not been revalued it would have been included at the following historical cost:

	2017	2016
	£	as restated
Cost	135,000	£ 135,000

Investment property was valued on a open market basis on 27 May 2011 by DM Hall chartered surveyors.

Company

FAIR VALUE

At 1 September 2016
and 31 August 2017

**Total
£**

300,000

NET BOOK VALUE

At 31 August 2017

300,000

At 31 August 2016

300,000

Border Cars Group Limited (Registered number: SC508621)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2017

15. STOCKS

	Group		Company	
	2017	2016	2017	2016
		as restated		as restated
	£	£	£	£
Vehicle stocks	17,628,741	15,127,442	17,628,741	15,127,442
Work-in-progress	117,444	109,070	117,444	109,070
Parts and accessories	832,813	862,634	832,813	862,634
	<u>18,578,998</u>	<u>16,099,146</u>	<u>18,578,998</u>	<u>16,099,146</u>

An impairment loss of £nil (2016: £nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

Stock recognised in cost of sales during the year as an expense was £69,626,257 (2016: £72,207,378).

Stock to the value of £19,173,998 (2016: £16,099,146) is pledged as security for vehicle funding and bank loans.

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
		as restated		as restated
	£	£	£	£
Trade debtors	1,088,540	1,915,508	1,088,540	1,915,508
Prepayments and accrued income	392,086	584,192	392,086	584,192
	<u>1,480,626</u>	<u>2,499,700</u>	<u>1,480,626</u>	<u>2,499,700</u>

An impairment loss of £nil (2016: £nil) was recognised against trade debtors.

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
		as restated		as restated
	£	£	£	£
Bank loans and overdrafts (see note 19)	224,958	339,718	224,958	339,718
Trade creditors	21,639,568	19,462,121	21,639,568	19,462,121
Social security and other taxes	144,258	130,970	144,258	130,970
VAT	162,777	72,285	162,777	72,285
Accruals	180,895	168,257	180,895	168,257
	<u>22,352,456</u>	<u>20,173,351</u>	<u>22,352,456</u>	<u>20,173,351</u>

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
		as restated		as restated
	£	£	£	£
Bank loans (see note 19)	2,747,003	2,849,990	2,747,003	2,849,990
Other loans (see note 19)	313,564	319,901	313,564	319,901
Directors' loan accounts	78,511	63,205	78,511	63,205
	<u>3,139,078</u>	<u>3,233,096</u>	<u>3,139,078</u>	<u>3,233,096</u>

Border Cars Group Limited (Registered number: SC508621)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2017

19. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2017	2016	2017	2016
	£	as restated	£	as restated
		£		£
Amounts falling due within one year or on demand:				
Bank loans	<u>224,958</u>	<u>339,718</u>	<u>224,958</u>	<u>339,718</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>229,697</u>	<u>339,718</u>	<u>229,697</u>	<u>339,718</u>
Other loans - 1-2 years	<u>313,564</u>	<u>319,901</u>	<u>313,564</u>	<u>319,901</u>
	<u>543,261</u>	<u>659,619</u>	<u>543,261</u>	<u>659,619</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>1,496,484</u>	<u>1,358,870</u>	<u>1,496,484</u>	<u>1,358,870</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 yr by instal	<u>1,020,822</u>	<u>1,151,402</u>	<u>1,020,822</u>	<u>1,151,402</u>

20. SECURED DEBTS

The following secured debts are included within creditors:

	Company	
	2017	2016
	£	as restated
		£
Bank loans	<u>2,971,961</u>	<u>3,189,708</u>
Vehicle creditors	<u>18,904,238</u>	<u>14,114,139</u>
	<u>21,876,199</u>	<u>17,303,847</u>

A bank loan with Barclays bears interest at 2.3% above the bank's base rate. This loan is secured by a fixed and floating charge over the group's assets.

A bank loan with Royal Bank of Scotland bears interest at 2% above the bank's base rate. This loan is secured by a fixed and floating charge over the group's assets.

A limited guarantee has been given by Mr M V Fusco and Mrs L S Fusco for £2,200,000 dated 27th August 2015.

Vehicle creditors are secured over the vehicle to which they relate.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2017

21. FINANCIAL INSTRUMENTS

	2017 £	2016 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	1,105,342	2,139,178
	<u>1,105,342</u>	<u>2,139,178</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(25,184,238)	(23,203,192)
	<u>(25,184,238)</u>	<u>(23,203,192)</u>

Financial assets measured at amortised cost comprise trade and other debtors as well as items of accrued income included within prepayments.

Financial liabilities measured at amortised cost comprise trade creditors, accruals where a cash settlement will take place, and overdrafts.

22. PROVISIONS FOR LIABILITIES

	Group		Company	
	2017 £	2016 as restated £	2017 £	2016 as restated £
Deferred tax	<u>232,290</u>	<u>246,782</u>	<u>232,290</u>	<u>246,782</u>
Group				Deferred tax
				£
Balance at 1 September 2016				246,782
Provided during year				(14,492)
Balance at 31 August 2017				<u>232,290</u>
Company				Deferred tax
				£
Balance at 1 September 2016				246,782
Provided during year				(14,492)
Balance at 31 August 2017				<u>232,290</u>

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2017 £	2016 as restated £
12	Ordinary	£1	<u>12</u>	<u>12</u>

Border Cars Group Limited (Registered number: SC508621)

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24. RESERVES

Retained earnings

This reserve includes all current and prior period retained profits and losses.

This reserve also includes cumulative non-distributable gains on investment property revaluations.

Revaluation reserve

This reserve records all current and prior period revaluations on tangible fixed assets.

25. PENSION COMMITMENTS

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £37,298 (2016: £44,748). Contributions totalling £NIL (2016: £NIL) were payable to the fund at the reporting date.

26. CONTINGENT LIABILITIES

The company is liable with group companies to its bankers in respect of overdrafts and loans operated by those companies under the terms of an unlimited multilateral guarantee. The full potential liability is shown in the statement of financial position of the consolidated group accounts.

27. RELATED PARTY DISCLOSURES

Included within other creditors is an amount of £313,564 (2016: £319,901) owed to Casa Mia (Dumfries) Limited, which is a limited company under the common control and directorship as M V Fusco.

M V Fusco, a director of the company received £57,000 (2016: £57,000) in relation to rent on a building of which he is the owner.

At the year end the company owed M V Fusco £78,511 (2016: £63,205), this interest free loan is not repayable in less than one year.

28. ULTIMATE CONTROLLING PARTY

The company is under control of M V Fusco by virtue of his 50% shareholding and holding directorship.