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Scott-Moncrieff
business advisers and accountants

ALLIED VEHICLES LIMITED

Company registration number SC147093

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2018

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ALLIED VEHICLES LIMITED

COMPANY INFORMATION

Directors	G Facenna M Facenna K Facenna P Facenna D Facenna G Gillies B Ritchie
Registered number	SC147093
Registered office	230 Balmore Road Glasgow G22 6LJ
Independent auditor	Scott-Moncrieff Chartered Accountants 25 Bothwell Street Glasgow G2 6NL
Bankers	Bank of Scotland 110 St Vincent Street Glasgow G2 5ER Santander 147 Sauchiehall Street Glasgow G2 3EW

ALLIED VEHICLES LIMITED

CONTENTS

	Page
Strategic Report	1 - 3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 - 31

ALLIED VEHICLES LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2018

Introduction

The directors present their strategic report and the audited financial statements for the year ended 30 April 2018.

Principal activity

The principal activity and core business of the company continued to be the sale and repair of motor vehicles and other ancillary vehicles.

Business review and future developments

In the year ended 30 April 2018, Allied Vehicles continued to grow, with turnover rising by 6.8% to £138.5m, however operating profit reduced by 24.5% to £5.4m.

Taxi sales have been challenging lately, with the hackney market impacted by the growth of UBER and other private hire taxi firms/apps. Despite these challenging market conditions, we are anticipating good growth in 2018-19 and have seen positive growth in the year to date.

Our Call Centre sales volume has been impacted by the downturn in the taxi industry and was therefore considerably down on prior year. The private hire market has been less buoyant than our expectations, despite the rise in the number of private hire operators. Where a customer wants to buy a ProCab, this can only be purchased from us, however where a customer wishes to buy a standard Toyota, these can be purchased from circa 300 Toyota dealers. More customers are buying used vehicles to operate as private hire taxis, as the earnings of the average private hire taxi driver earns has decreased in recent years, due to market saturation and reduction in taxi use. We anticipate a static performance to 30 April 2019.

The Field sales channel performed well and was in line with the prior year. We anticipate a similar performance in the year to 30 April 2019, although trading is expected to be tough.

Our Mobility department continues to perform well and finished the year to 30 April 2018 ahead of the prior year. Our main challenge for Mobility sales is the transition over to new model ranges with both Peugeot and Ford. This has already led to a backorder in manufacturing, which in turn has led to longer lead times for customers.

Since our entry into the Used Wheelchair Accessible Vehicle (WAV) market, we have seen consistent growth, much of which has come from the disposal of our ex-hire vehicles. Going forward our challenge is the procurement of used vehicles from other sources such as auctions and MFL Direct.

Our Fleet department has seen a challenging twelve months. We are now making some good inroads into the school minibus market, although our OEM suppliers have struggled to supply base vehicles on time. Our welfare van has not achieved anticipated sales volumes, and we believe the product is high quality, but possibly over-engineered, making it uncompetitive.

We have seen success in international markets, with the exchange rate in our favour. We now hold stock for fast delivery and are offering Ford products in left hand drive. It is expected that further growth will arise in this channel, although the Brexit impact is causing uncertainty. Whilst it's reasonable to assume that trade agreements will eventually be in place that will allow us to sell vehicles into the EU, we are unsure how customers will feel. If the exchange rate swings the other way going through Brexit, our offering will be less attractive to Eurozone customers.

Business review and future developments (continued)

Our Mobility Solutions stores performed ahead of prior year. The long winter impacted our sales, as snow reduced customers' purchase of scooters and wheelchairs. Our online store is now operational and showing positive signs.

We have seen a decline in profit within our Rental department following the loss of the Motability hire contract, however we are building the hire business outwith Motability, and already have seen good growth.

The Parts division finished well ahead of prior year, although was impacted by the insolvency of a major customer, TOM Airdrie.

Our Allied Autocare Service department has come through a massive period of change, in terms of achieving Ford and Peugeot authorised repairer status. Customer Service Advisors, Technicians and Master Technicians are in great demand throughout the industry, therefore employment costs are increasing. We increased the facility, with 14 additional bays, to facilitate retail growth. Assuming we can attract the required number of Technicians, we know that there is great potential in the Ford franchise. Our Edinburgh site has shown steady growth over the last few years.

Our Accident Repair and Defleet departments have had some personnel changes and we have reviewed a number of the contracts we have with work providers to see how we can maximise profitability.

Our Mobile Technician division is an extension of our WAV Services business and will grow over coming years, with early positive signs. We already carry out WAV checks on 87% of our live fleet, well above industry average. We are extending this to carry out OEM service at home or workplace. We plan to offer our service to other commercial operators. There is significant capital investment required to support vehicle sales, as customers are likely to choose a vehicle based on the level of in-life service they can be assured of receiving.

With the continuing model changes from Manufacturer partners, we have had to put in place measures to increase the efficiency and operation of the manufacturing department (Quality Control Engineer, Compliance Engineer, IT, Finance and HR), although we require additional effort to achieve the output required to satisfy sales demand.

We have reduced the headcount in our Coventry operation, due to the loss of the Motability hire contract. Our transport division is now also carrying out vehicle movements for third parties in addition to all our internal deliveries. Feedback from these businesses is very good in terms of efficiency and service. We recently invested in a new 8 vehicle car transporter, which will reduce our delivery costs in the UK and mainland Europe, whilst also giving us the opportunity to sell this service to other businesses.

Overheads have increased this year, as we made significant investment in people, processes, and upgrades to premises.

There remains a huge focus on our people and we have rolled out a number of initiatives in this regard. These include a new Learning and Development programme to equip current and future managers with all the tools required to manage their teams in a professional and consistent manner. We have also redefined our brand values and have rolled these out throughout the workforce. These brand values were created by the staff through various surveys and focus groups. Every member of staff is being taken through an externally accredited training programme which we have branded, 'Driving People Excellence'.

Results and dividends

The profit for the year, after taxation, amounted to £4,827,526 (2017: £5,299,893).

A dividend of £400,000 was distributed for the year ended 30 April 2018 (2017: £800,000).

Principal risks and uncertainties

The impact of the vote for Brexit has inevitably caused uncertainty in the industry and all UK converters are experiencing higher costs from overseas suppliers due to the decrease in value of the Pound. Allied is better positioned than its competitors due to the close relationships built up over many years with its principal suppliers. As mentioned above, we are taking full advantage of currency differentials by marketing our WAVs in Europe.

The automotive sector is well down year on year, and this has impacted us and may continue to do so.

A major risk for us this year is the model changeovers, where all our converted vehicles are having to be redeveloped due to changes in donor vehicles caused by new emission regulations. It is always a balancing act between trying to order enough stock to see us through until the new models are available and making sure we do not overorder stock whereby we'll be trying to sell the old models against competitors selling the new models.

Another risk on the back of this is around how competitive the new models will be and also how affordable they'll be given the price increases OEM's continue to place on us. This could have an impact on our sales/production volumes.

Financial key performance indicators

The key indicators which are monitored closely by the board and senior management are: sales order intake; weekly build of vehicles; customer satisfaction, overheads, gross margins and cash flow.

Other key performance indicators

The directors believe that non-financial indicators are as important as the financial ones. These are the performance and stability of the work-force; the marketing of the business and its products; the quality of its products, the levels of customer service provided, and its general reputation.

This report was approved by the board on 27 February 2019 and signed on its behalf by:

Facenna

P Facenna
Director

The directors present their report and the financial statements for the year ended 30 April 2018.

The information regarding principal activity, business review and future developments, results and dividends, principal risks and uncertainties, financial key performance indicators and other key performance indicators is shown in the Strategic Report and not in the Directors' Report.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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). 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 for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 to 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.

Directors

The directors who served during the year and up to the date of the signing were:

G Facenna
M Facenna
K Facenna
P Facenna
S Pryor (resigned 31 October 2017)
D Facenna
G Gillies (appointed 1 July 2017)
B Ritchie (appointed 6 November 2017)

Employee involvement

It is the company's policy that employees should be kept as fully informed as possible about the activities of the company. This is achieved through internal communications such as the staff newsletter, notice boards and regular briefings.

Disabled employees

The company recognises its obligation towards disabled persons and endeavours to provide as many employment, training and career opportunities as the demand of the company's operations and the abilities of the disabled persons allow.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditor

The auditor, Scott-Moncrieff, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 February 2019 and signed on its behalf by:

P Facenna
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIED VEHICLES LIMITED

Opinion

We have audited the financial statements of Allied Vehicles Limited for the year ended 30 April 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2018 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 United Kingdom, including the Financial Reporting Council'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 audit 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.

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 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 in relation to which 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 the directors

As explained more fully in the Directors' Responsibilities Statement on page 4, 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 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. The description forms part of our Auditor's Report.

Use of our report

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, as a body, 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.

Scott Moncrieff

Bernadette Higgins (Senior Statutory Auditor)
for and on behalf of
Scott-Moncrieff, Statutory Auditor
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

27 February 2019

ALLIED VEHICLES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2018

	Note	2018 £	*2017 £*
Turnover	4	**138,463,157**	*129,644,110*
Cost of sales		**(109,691,208)**	*(102,301,782)*
Gross profit		**28,771,949**	*27,342,328*
Administration expenses		**(23,652,138)**	*(20,705,162)*
Other operating income	5	**239,964**	*463,754*
Operating profit	6	**5,359,775**	*7,100,920*
Debt waiver		**-**	*(424,439)*
Interest receivable and similar income	10	**69,855**	*40,530*
Interest payable and similar charges	11	**(45,455)**	*(84,761)*
R & D expenditure credit		**89,478**	*111,956*
Profit before taxation		**5,473,653**	*6,744,206*
Tax on profit	12	**(646,127)**	*(1,444,313)*
Profit for the financial year		**4,827,526**	*5,299,893*

There was no other comprehensive income for 2018 (2017: £NIL).

The notes on pages 12 to 31 form part of these financial statements.

ALLIED VEHICLES LIMITED
REGISTERED NUMBER:SC147093

BALANCE SHEET
AS AT 30 APRIL 2018

	Note		2018 £		2017 £
Fixed assets					
Intangible assets	14		**2,032,359**		*2,147,422*
Tangible assets	15		**15,041,654**		*13,941,803*
Investments			**1**		*1*
Investment property	17		**960,000**		*960,000*
			18,034,014		*17,049,226*
Current assets					
Stocks	19	**12,557,063**		*11,791,450*	
Debtors: amounts falling due within one year	20	**12,822,950**		*12,801,591*	
Cash and cash equivalents	21	**846,138**		*101,529*	
		26,226,151		*24,694,570*	
Creditors: amounts falling due within one year	22	**(17,258,487)**		*(18,984,636)*	
Net current assets			**8,967,664**		*5,709,934*
Total assets less current liabilities			**27,001,678**		*22,759,160*
Creditors: amounts falling due after more than one year	23		**-**		*(160,000)*
Provisions for liabilities					
Deferred tax	24		**(316,781)**		*(341,789)*
Net assets			**26,684,897**		*22,257,371*
Capital and reserves					
Called up share capital	25		**56,667**		*56,667*
Share premium account	26		**1,663,343**		*1,663,343*
Revaluation reserve	26		**5,472,622**		*5,586,635*
Capital redemption reserve	26		**20,001**		*20,001*
Profit and loss account	26		**19,472,264**		*14,930,725*
			26,684,897		*22,257,371*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 February 2019 by:

G Facenna
Director

The notes on pages 12 to 31 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2018

	Called up share capital	Share premium account	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 May 2016	56,667	1,663,343	5,700,648	20,001	10,316,819	17,757,478
Comprehensive income for the year						
Profit for the year	-	-	-	-	5,299,893	5,299,893
Surplus on revaluation of freehold property	-	-	-	-	114,013	114,013
Total comprehensive income for the year	-	-	-	-	5,413,906	5,413,906
Dividends: Equity capital	-	-	-	-	(800,000)	(800,000)
Transfer to/from profit and loss account	-	-	(114,013)	-	-	(114,013)
At 1 May 2017	56,667	1,663,343	5,586,635	20,001	14,930,725	22,257,371
Comprehensive income for the year						
Profit for the year	-	-	-	-	4,827,526	4,827,526
Surplus on revaluation of freehold property	-	-	-	-	114,013	114,013
Total comprehensive income for the year	-	-	-	-	4,941,539	4,941,539
Dividends: Equity capital	-	-	-	-	(400,000)	(400,000)
Transfer to/from profit and loss account	-	-	(114,013)	-	-	(114,013)
At 30 April 2018	56,667	1,663,343	5,472,622	20,001	19,472,264	26,684,897

The notes on pages 12 to 31 form part of these financial statements.

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the company's transactions are denominated. They comprise the financial statements of the company drawn up for the year ended 30 April 2018.

The continuing activities of Allied Vehicles Limited ('the company') is that of the sales and repair of motor vehicles and other ancillary vehicles.

The company is a private company limited by shares and is incorporated in the United Kingdom and registered in Scotland. Details of the registered office can be found on the company information page of the financial statements. The company's registered number is SC147093.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with 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).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c); and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Allied Holdings (UK) 2014 Limited as at 30 April 2018 and these financial statements may be obtained from 230 Balmore Road, Glasgow, G22 6LJ.

2.3 Going concern

The Directors anticipate that a profit will be generated in the year to 30 April 2019. The company has a healthy reserves position and thus the Board of Directors is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Intangible assets

Research and developments costs for projects with a defined term and which meet the criteria for recognition as development costs are capitalised and are stated at cost less accumulated amortisation. Amortisation is provided to write off the cost of the intangible fixed assets as follows:

The estimated useful lives range as follows:

Development expenditure	-	between 3 and 5 years over the term of the project

Research and development costs that do not meet the criteria for recognition as development costs are charged to the Statement of Comprehensive Income as they occur.

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, 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 company 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 profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using both the straight line basis and the reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	- 2-4% straight line
Plant and machinery	- 15-20% reducing balance & 10-33% straight line
Motor vehicles	- 25% reducing balance & 33% straight line

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 in the Statement of Comprehensive Income.

2.7 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the 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 or loss.

2.8 Investment property

Investment property is carried at fair value determined annually 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 Statement of Comprehensive Income.

2. Accounting policies (continued)

2.9 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet 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 the Statement of Comprehensive Income.

2.12 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.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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 debtors and creditors, 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, like 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 the case of an out-right 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.

2. Accounting policies (continued)

2.14 Financial instruments (continued)

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 Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

2.15 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.

2.16 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2. Accounting policies (continued)

2.17 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.18 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

2.19 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.

2.20 Pensions

The company operates two defined contribution pension schemes in respect of its employees. The assets of the schemes are held separately from those of the company. The pension cost charge represents the amount of the contributions payable to the schemes in respect of the period.

2.21 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2. Accounting policies (continued)

2.22 Current and deferred taxation

The tax expense for the year comprises corporation and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The directors are satisfied that accounting policies are appropriate and applied consistently. Key sources of accounting estimation have been applied to the depreciation rates which are deemed to be appropriate for the class of assets, the amortisation rates which are deemed to be appropriate for the research and development assets and the provision for losses on vehicle stock which are reasonable based on the directors' expectations of net realisable value.

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	*2017 £*
Sale and repair of vehicles	**132,297,314**	*123,522,484*
Vehicle rental income	**6,165,843**	*6,121,626*
	138,463,157	*129,644,110*

Analysis of turnover by country of destination:

	2018 £	*2017 £*
United Kingdom	**134,900,054**	*128,265,677*
Rest of European Union	**3,184,120**	*1,378,433*
Rest of world	**378,983**	*-*
	138,463,157	*129,644,110*

5. Other operating income

	2018 £	*2017 £*
Other operating income	**-**	*11,184*
Net rents receivable	**145,293**	*149,938*
Management charge income - group	**60,000**	*60,000*
Security income	**23,902**	*23,655*
Government grants receivable	**-**	*209,992*
Profit on disposal of tangible assets	**10,769**	*8,985*
	239,964	*463,754*

6. Operating profit

The operating profit is stated after charging:

	2018 £	*2017 £*
Research & development charged as an expense	**162,127**	*72,341*
Depreciation of tangible fixed assets	**841,666**	*751,762*
Amortisation of intangible fixed assets	**811,175**	*631,370*
Auditor's remuneration - audit fee	**30,500**	*45,000*
Auditor's remuneration - non-audit fees	**11,000**	*10,025*
Other operating lease rentals	**868,147**	*770,709*
Defined contribution pension cost	**214,376**	*325,274*

7. Debt waiver

	2018 £	*2017 £*
Waiver of loan to Glasgow Tigers Speedway Limited	**-**	*424,439*

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 £	*2017 £*
Wages and salaries	**16,222,715**	*14,741,104*
Social security costs	**1,556,126**	*1,361,458*
Cost of defined contribution scheme	**214,376**	*325,274*
	17,993,217	*16,427,836*

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	*2017 No.*
Manufacturing	**204**	*199*
Sales	**93**	*75*
After sales	**235**	*216*
Group administration	**100**	*88*
	632	*578*

9. Directors' remuneration

	2018 £	*2017 £*
Directors' emoluments	**1,013,685**	*757,864*
Company contributions to defined contribution pension schemes	**41,688**	*154,975*
	1,055,373	*912,839*

During the year retirement benefits were accruing to 7 directors *(2017 - 7)* in respect of defined contribution pension schemes.

The emoluments of the highest paid director were £265,692 (2017: £191,955). £10,226 (2017: £31,364) was paid into the pension scheme of the highest paid director.

10. Interest receivable and similar income

	2018 £	*2017 £*
Loan interest receivable	**69,855**	*40,530*

11. Interest payable and similar expenses

	2018 £	*2017 £*
Bank interest payable	**22,463**	*53,090*
Finance leases and hire purchase contracts	**14,315**	*31,671*
Other interest payable	**8,677**	*-*
	45,455	*84,761*

12. Taxation

	2018 £	*2017 £*
Corporation tax		
Current tax on profits for the year	**869,717**	*1,422,174*
Adjustments in respect of previous periods	**(198,582)**	*(3,100)*
Total current tax	**671,135**	*1,419,074*
Deferred tax		
Short term timing differences	**(27,628)**	*25,239*
Adjustments in respect of previous periods	**2,620**	*-*
Total deferred tax	**(25,008)**	*25,239*
Taxation on profit on ordinary activities	**646,127**	*1,444,313*

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2017 - higher than)* the standard rate of corporation tax in the UK of 19.00% *(2017 - 19.92%)*. The differences are explained below:

	2018 £	*2017 £*
Profit on ordinary activities before tax	**5,473,653**	*6,744,206*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.92%)	**1,039,994**	*1,343,446*
Effects of:		
Expenses not deductible for tax purposes	**27,959**	*111,653*
Adjustments to tax charge in respect of prior periods	**(198,582)**	*(3,100)*
Adjustments to tax charge in respect of previous periods - deferred tax	**2,620**	*-*
Adjust closing deferred tax to average rate of 19.00% (2017 - 19.92%)	**(37,268)**	*(58,663)*
Adjust opening deferred tax to average rate of 19.00% (2017 - 19.92%)	**40,519**	*33,727*
Income not taxable for tax purposes	**(247,000)**	*(4,909)*
R&D expenditure credits	**-**	*(157)*
Chargeable (losses)	**(3,451)**	*(4,322)*
Fixed asset differences	**42,044**	*26,356*
Other tax adjustments, reliefs and transfers	**-**	*782*
Group relief (claimed)	**(20,708)**	*(500)*
Total tax charge for the year	**646,127**	*1,444,313*

Factors that may affect future tax charges

Following Budget 2016 announcement, there will be a reduction in the main rate of corporation tax for each year from the financial year beginning 1 May 2017 to the financial year beginning 1 May 2020, reducing the main rate by 3% by 2020.

13. Dividends

	2018 £	*2017 £*
Dividend in respect of the year ended 30 April 2018 of £7.06 (2017 - £14.12) per share	**400,000**	*800,000*

14. Intangible assets

	Develop-ment £
Cost	
At 1 May 2017	**3,333,675**
Additions	**850,796**
At 30 April 2018	**4,184,471**
Amortisation	
At 1 May 2017	**1,186,253**
Charge for the year	**965,859**
At 30 April 2018	**2,152,112**
Net book value	
At 30 April 2018	**2,032,359**
At 30 April 2017	*2,147,422*

15. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 May 2017	11,784,940	6,812,138	260,164	18,857,242
Additions	1,403,259	538,258	-	1,941,517
At 30 April 2018	13,188,199	7,350,396	260,164	20,798,759
Depreciation				
At 1 May 2017	167,333	4,492,127	255,979	4,915,439
Charge for the year	205,462	634,822	1,382	841,666
At 30 April 2018	372,795	5,126,949	257,361	5,757,105
Net book value				
At 30 April 2018	12,815,404	2,223,447	2,803	15,041,654
At 30 April 2017	*11,617,607*	*2,320,011*	*4,185*	*13,941,803*

The freehold land and buildings was independently valued on an open market existing use basis by David Allison & Company, Chartered Surveyors in June 2016 and was effective from April 2016. This was incorporated into the 2016 financial statements.

The net book value of land and buildings may be further analysed as follows:

	2018 £	*2017 £*
Freehold	12,538,547	*11,555,264*
Long leasehold	276,857	*62,343*
	12,815,404	*11,617,607*

16. Fixed asset investments

The company owns 100% of the ordinary share capital of Ashfield Motors Limited, a dormant company with capital and reserves of £1 as at 30 April 2018.

17. Investment property

	Freehold investment property £
Valuation	
At 1 May 2017	960,000
At 30 April 2018	**960,000**

The freehold land and buildings was independently valued on an open market existing use basis by David Allison & Company, Chartered Surveyors in June 2016. The directors are of the opinion that this valuation has not materially changed at 30 April 2018.

18. Future operating lease income

At 30 April 2018 the company was due future minimum lease income under non-cancellable operating leases as follows:

	2018 £	*2017 £*
Land and buildings		
Not later than one year	120,282	*120,282*
Later than 1 year and not later than 2 years	44,000	*87,082*
Later than 2 years and not later than 5 years	47,667	*91,667*
	211,949	*299,031*

19. Stocks

	2018 £	*2017 £*
Raw materials and consumables	3,070,152	*2,503,257*
Work in progress	583,459	*666,135*
Finished goods and goods for resale	8,903,452	*8,622,058*
	12,557,063	*11,791,450*

Stock recognised in cost of sales during the year as an expense was £109,488,163 (*2017 - £101,736,249*).

20. Debtors

	2018 £	*2017 £*
Trade debtors	**5,365,490**	*5,811,863*
Amounts owed by group undertakings	**1,691,222**	*1,691,223*
Amounts owed by related undertakings	**-**	*188,890*
Other debtors	**3,993,398**	*2,564,179*
Prepayments and accrued income	**1,772,840**	*2,545,436*
	12,822,950	*12,801,591*

21. Cash and cash equivalents

	2018 £	*2017 £*
Cash at bank and in hand	**846,138**	*101,529*
Bank overdraft (note 22)	**-**	*(669,401)*
	846,138	*(567,872)*

22. Creditors: Amounts falling due within one year

	2018 £	*2017 £*
Bank overdrafts	**-**	*669,401*
Bank loans	**150,000**	*490,000*
Trade creditors	**12,313,941**	*12,978,507*
Amounts owed to group companies	**788,117**	*626,200*
Amounts owed to related undertakings	**114,847**	*-*
Corporation tax	**438,021**	*1,442,393*
Other taxation and social security	**1,087,839**	*894,907*
Other creditors	**735,633**	*514,709*
Accruals and deferred income	**1,630,089**	*1,368,519*
	17,258,487	*18,984,636*

Bank borrowings of £150,000 (*2017 - £1,319,401*) are secured by standard securities over certain properties of the company and by a bond and floating charge over the whole assets of the company.

Included within other taxation and social security are outstanding pension contributions of £65,291 (*2017 - £31,790*).

23. Creditors: Amounts falling due after more than one year

	2018 £	*2017* *£*
Bank loans	-	*160,000*
	-	*160,000*

24. Deferred taxation

	2018 £
At beginning of year	(341,789)
Charged to the profit or loss	25,008
At end of year	**(316,781)**

The provision for deferred taxation is made up as follows:

	2018 £	*2017* *£*
Accelerated capital allowances	269,184	*289,801*
Capital gains	51,689	*54,777*
Short term timing differences	(4,092)	*(2,789)*
	316,781	*341,789*

25. Share capital

	2018 £	*2017* *£*
Allotted, called up and fully paid		
56,667 *(2017 - 56,667)* Ordinary shares of £1 each	56,667	*56,667*

The ordinary shareholders are entitled to dividends and shares rank equally for voting purposes.

26. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Revaluation reserve

This reserves records the amount above historic costs for the revaluation of assets.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

Profit and loss account

The profit and loss account includes all current and prior year retained profits or losses.

27. Capital commitments

At 30 April 2018 the company had capital commitments as follows:

	2018	*2017*
	£	*£*
Contracted for but not provided in these financial statements	**310,000**	-
	310,000	-

28. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost and charge represents contributions payable by the company to the scheme in the year and amounted to £214,376 (*2017 - £325,274*). Contributions payable to the fund at 30 April 2018 were £65,291 (*2017 - £31,790*) included within other taxation and social security.

29. Commitments under operating leases

At 30 April 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	*2017* *£*
Land and buildings		
Not later than 1 year	**151,490**	*219,940*
Later than 1 year and not later than 5 years	**36,640**	*141,730*
Later than 5 years	**33,587**	*33,587*
	221,717	*395,257*

	2018 £	*2017* *£*
Other operating leases		
Not later than 1 year	**173,385**	*78,984*
	173,385	*78,984*

30. Related party transactions

The company has taken advantage of the disclosure exemption from the requirement of FRS 102 Section 33 Related Party Disclosures paragraph 33.7 from disclosing transactions with group undertakings on the basis that consolidated financial statements are available.

During the year contributions of £19,600 (*2017 - £62,600*) and rent of £159,717 (*2017 - £141,100*) were paid by the company to the Facenna Family Trust. At the balance sheet date, a balance of £45,270 is included within amounts owed to related undertakings *(2017 - £nil)*.

During the year, the company paid expenses on behalf of Glasgow Tigers Speedway Limited, a company related by common control, amounting to £458,973 (*2017 - £424,439*). During the year, the company received services amounting to £500,000 from Glasgow Tigers Speedway Limited (*2017 - £nil*). The directors waived the loans due of £nil (*2017 - £424,439*). At the balance sheet date, a balance of £41,027 is included within amounts owed to related undertakings (*2017 - £nil*).

During the year, Lemac Propco Limited made repayments to the company amounting to £200,000 (*2017 - £1,053,693*). During the year, Lemac Propco advanced a loan to the company amounting to £17,440 *(2017 - £nil)*. At the balance sheet date, a balance of £28,550 is included within amounts owed to related undertakings (*2017 - £188,890 included in amounts owed by related undertakings)*.

31. Transactions with directors

M Facenna had an overdrawn loan account in the year with a maximum balance outstanding in the year of £898,012 (*2017 - £918,446*). A repayment of £nil was received during the year (*2017 - £200,000*). At the year end, the balance was £898,012 owed to the company (*2017 - £730,756*). Interest payable of £24,142 (*2017 - £12,310*) is calculated at the HMRC beneficial loan interest rate of 3%.

G Facenna had an overdrawn loan account in the year with a maximum balance outstanding in the year of £1,790,864 (*2017 - £1,231,560*). A repayment of £nil was received during the year (*2017 - £200,000*). At the year end, the balance was £1,790,864 owed to the company (*2017 - £1,059,781*). Interest payable of £45,674 (*2017 - £28,220*) is calculated at the HMRC beneficial loan interest rate of 3%.

During the year, the company paid expenses on behalf of the directors totalling £828,524 *(2017 - £973,424*) which have been charged against the respective director's loan account.

32. Controlling party

The immediate parent company is Allied Holdings (UK) Limited, a company registered within the UK. The ultimate parent company is Allied Holdings (UK) 2014 Limited, a company registered within the UK. There is no ultimate controlling party. Copies of the consolidated financial statements of Allied Holdings (UK) 2014 Limited can be obtained from the company's registered office.