

Financial Statements for the Year Ended 31 December 2019

for

AEP (Scotland) Ltd.

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for the Year Ended 31 December 2019**

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AEP (Scotland) Ltd.

**Company Information
for the Year Ended 31 December 2019**

DIRECTORS:

Colin McAdam
Aileen McAdam

SECRETARY:

Colin McAdam

REGISTERED OFFICE:

Unit 2
1 Alleysbank Road
Rutherglen
Glasgow
G73 1LX

REGISTERED NUMBER:

SC378869 (Scotland)

ACCOUNTANTS:

The Collins Partnership
Chartered Accountants
Westburn Business Centre
McNee Road
Prestwick
Ayrshire
KA9 2PB

**Chartered Accountants' Report to the Board of Directors
on the Unaudited Financial Statements of
AEP (Scotland) Ltd.**

The following reproduces the text of the report prepared for the directors in respect of the company's annual unaudited financial statements. In accordance with the Companies Act 2006, the company is only required to file a Balance Sheet. Readers are cautioned that the Profit and Loss Account and certain other primary statements and the Report of the Directors are not required to be filed with the Registrar of Companies.

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of AEP (Scotland) Ltd. for the year ended 31 December 2019 which comprise the Profit and loss account, Balance Sheet and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of ICAS, we are subject to its ethical and other professional requirements which are detailed at <http://www.icas.com/accountspreparationguidance>.

This report is made solely to the Board of Directors of AEP (Scotland) Ltd., as a body, in accordance with our terms of engagement. Our work has been undertaken solely to prepare for your approval the financial statements of AEP (Scotland) Ltd. and state those matters that we have agreed to state to the Board of Directors of AEP (Scotland) Ltd., as a body, in this report in accordance with the requirements of ICAS as detailed at <http://www.icas.com/accountspreparationguidance>. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that AEP (Scotland) Ltd. has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of AEP (Scotland) Ltd.. You consider that AEP (Scotland) Ltd. is exempt from the statutory audit requirement for the year.

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

The Collins Partnership
Chartered Accountants
Westburn Business Centre
McNee Road
Prestwick
Ayrshire
KA9 2PB

7 September 2020

Balance Sheet
31 December 2019

| | Notes | 2019 £ | £ | 2018 £ | £ |
|--|-------|------------------|-----------------|------------------|----------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 4 | | 495,393 | | 532,317 |
| Tangible assets | 5 | | <u>71,495</u> | | <u>54,478</u> |
| | | | 566,888 | | 586,795 |
| CURRENT ASSETS | | | | | |
| Stocks | | 914,091 | | 806,229 | |
| Debtors | 6 | 822,297 | | 763,960 | |
| Cash at bank | | <u>83,416</u> | | <u>44,460</u> | |
| | | 1,819,804 | | 1,614,649 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 7 | <u>1,340,849</u> | | <u>1,346,997</u> | |
| NET CURRENT ASSETS | | | <u>478,955</u> | | <u>267,652</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 1,045,843 | | 854,447 |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 8 | | (447,080) | | (491,951) |
| PROVISIONS FOR LIABILITIES | | | <u>(13,584)</u> | | <u>(7,383)</u> |
| NET ASSETS | | | <u>585,179</u> | | <u>355,113</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | | | 1 | | 1 |
| Retained earnings | | | <u>585,178</u> | | <u>355,112</u> |
| SHAREHOLDERS' FUNDS | | | <u>585,179</u> | | <u>355,113</u> |

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2019.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2019 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Profit and loss account has not been delivered.

AEP (Scotland) Ltd. (Registered number: SC378869)

Balance Sheet - continued
31 December 2019

The financial statements were approved by the Board of Directors and authorised for issue on 7 September 2020 and were signed on its behalf by:

Colin McAdam - Director

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 December 2019**

1. STATUTORY INFORMATION

AEP (Scotland) Ltd. is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the [Company Information page](#).

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

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 on a going concern basis and under the historical cost convention.

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 its Parent Company KCM Holdings (Scotland) Limited or wholly owned subsidiaries within the group.

Going concern

The financial statements have been prepared on a going concern basis which assumes the company will continue to trade for a period of 12 months from the date of approval.

This is on the basis that the banking facilities for the KCM Holdings (Scotland) Ltd group of companies will be in place for a period of at least 12 months from the date of approval. The current banking facility expires during this period and the Directors see no reason why facilities at a similar level to the current arrangement will not be renewed for a period of at least 12 months from the renewal date.

The current and future cash position of the company and the group has been reviewed by the Board of Directors. This included a comprehensive review of current trading performance and of the forecasted cash requirements, covering a period beyond one year from the date of approval of the financial statements.

The Board also recognises that the company's and the group's position is reliant on the continued support of the Directors. This support is evidenced through the continued investment of personal funds as long term capital.

On the basis of all of the above the Board considers it appropriate to prepare the financial statements on a going concern basis.

COVID-19

At the date of signing these financial statements the Coronavirus Pandemic is still having a Global impact. The company continues to operate in a restricted way during this period. Whilst the overall impact still remains uncertain for the UK economy the Directors believe that with the steps which have been taken, ongoing Government support and the commitment of all staff and the loyalty of customers, that the business will be in a position to come through this period and continue in operation for the next year and beyond.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

2. ACCOUNTING POLICIES - continued

Turnover/revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities.

Sales are presented, net of value-added tax, rebates and discounts.

The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Company's activities are met.

Goodwill

Goodwill arising on an acquisition of a trade is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the director's estimate of its useful economic life which is 20 years. Impairment tests on the carrying value of goodwill are undertaken;

- at the end of the first full financial year following acquisition;
- in other period if events or changes in circumstances indicate that the carrying value may not be recoverable.

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.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

| | |
|--------------------------------------|---------------------------|
| Plant and machinery | - 20% on reducing balance |
| Fixtures and fittings | - 20% on reducing balance |
| Motor vehicles | - 25% on reducing balance |
| Computer equipment and website costs | - 20% on reducing balance |

Tangible fixed assets are stated at cost less depreciation.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

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 balance sheet date.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight line basis over the terms of the lease.

Pension costs and other post-retirement benefits

The company operates a money purchase pension scheme in the form of employee personal pension plans. The contracts are between the individual and the pension provider and all funds are held externally by a third party pension provider. Pension contributions are charged to the profit and loss account in the period to which they relate.

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the company and short term bank deposits with an original maturity of three months or less from inception and are subject to insignificant risk of changes in value.

Impairment of fixed assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument and are classified in accordance with their underlying economic reality.

The company has two main categories of financial instruments, which are loans and other receivables and other financial liabilities:

Loans and other receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Upon recognition, these assets are measured at fair value less directly related transaction expenses. In successive periods these are measured at amortised cost, and any differences between acquisition cost and redemption value is accounted for over the borrowing period by using the effective interest method. If transaction costs are immaterial and the credit period is short, amortised cost is equal to the nominal value less any allowance for credit losses.

Other financial liabilities

Other financial liabilities are recognised initially at fair value, net of transaction costs incurred. In successive periods these are measured at amortised cost. Any differences between acquisition cost and redemption value is accounted for over the borrowing period by using the effective interest method. If transaction costs are immaterial and the credit period is short, amortised cost is equal to the nominal value.

Impairment of financial instruments

A provision for impairment is established when there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows have been impacted.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 25 (2018 - 25) .

4. INTANGIBLE FIXED ASSETS

| | Goodwill £ |
|---|----------------|
| COST | |
| At 1 January 2019 and 31 December 2019 | <u>744,481</u> |
| AMORTISATION | |
| At 1 January 2019 | 212,164 |
| Charge for year | <u>36,924</u> |
| At 31 December 2019 | <u>249,088</u> |
| NET BOOK VALUE | |
| At 31 December 2019 | <u>495,393</u> |
| At 31 December 2018 | <u>532,317</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

5. TANGIBLE FIXED ASSETS

| | Plant and machinery £ | Fixtures and fittings £ | Motor vehicles £ | Computer equipment and website costs £ | Totals £ |
|------------------------|-----------------------------|----------------------------------|------------------------|---|----------------|
| COST | | | | | |
| At 1 January 2019 | 13,262 | 23,564 | 37,298 | 86,183 | 160,307 |
| Additions | - | 522 | - | 42,478 | 43,000 |
| Disposals | - | - | (37,298) | - | (37,298) |
| At 31 December 2019 | <u>13,262</u> | <u>24,086</u> | <u>-</u> | <u>128,661</u> | <u>166,009</u> |
| DEPRECIATION | | | | | |
| At 1 January 2019 | 8,747 | 14,186 | 19,550 | 63,346 | 105,829 |
| Charge for year | 903 | 2,084 | 1,380 | 5,248 | 9,615 |
| Eliminated on disposal | - | - | (20,930) | - | (20,930) |
| At 31 December 2019 | <u>9,650</u> | <u>16,270</u> | <u>-</u> | <u>68,594</u> | <u>94,514</u> |
| NET BOOK VALUE | | | | | |
| At 31 December 2019 | <u>3,612</u> | <u>7,816</u> | <u>-</u> | <u>60,067</u> | <u>71,495</u> |
| At 31 December 2018 | <u>4,515</u> | <u>9,378</u> | <u>17,748</u> | <u>22,837</u> | <u>54,478</u> |

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2019 £ | 2018 £ |
|------------------------------------|----------------|----------------|
| Trade debtors | 670,377 | 666,896 |
| Amounts owed by group undertakings | 67,544 | - |
| VAT | 82,587 | 61,943 |
| Prepayments and accrued income | <u>1,789</u> | <u>35,121</u> |
| | <u>822,297</u> | <u>763,960</u> |

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2019 £ | 2018 £ |
|------------------------------------|------------------|------------------|
| Bank loans and overdrafts | 335,108 | 364,371 |
| Trade creditors | 560,162 | 436,379 |
| Amounts owed to group undertakings | 44,595 | 213,519 |
| Corporation tax | 57,114 | 92,512 |
| Social security and other taxes | 16,575 | 12,756 |
| Accruals and deferred income | <u>327,295</u> | <u>227,460</u> |
| | <u>1,340,849</u> | <u>1,346,997</u> |

Included in bank overdrafts is the sum of £290,237 (2018: £226,713) in respect of a debtor factoring account. The debtor factoring account is secured over specific trade debtors and by the restricted personal guarantee of Mr & Mrs Colin McAdam.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

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

| | 2019 | 2018 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| Bank loans - 1-2 years | 85,557 | 491,951 |
| Bank loans - 2-5 years | 278,157 | - |
| Bank loans more 5 yr by instal | 83,366 | - |
| | <u>447,080</u> | <u>491,951</u> |

Amounts falling due in more than five years:

| | | |
|--------------------------------|---------------|----------|
| Repayable by instalments | | |
| Bank loans more 5 yr by instal | <u>83,366</u> | <u>-</u> |

9. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2019 | 2018 |
|----------------------------|----------------|---------------|
| | £ | £ |
| Within one year | 45,000 | 18,750 |
| Between one and five years | 180,000 | - |
| In more than five years | 198,750 | - |
| | <u>423,750</u> | <u>18,750</u> |

An operating lease is in place with the company's ultimate parent company KCM Holdings (Scotland) Limited for the property in which AEP (Scotland) Ltd carries out its trade. The amounts above represent the total payable over the entire remaining period of the lease agreement.

10. SECURED DEBTS

The following secured debts are included within creditors:

| | 2019 | 2018 |
|-----------------|----------------|----------------|
| | £ | £ |
| Bank overdrafts | 290,237 | 293,477 |
| Bank loans | <u>491,951</u> | <u>562,845</u> |
| | <u>782,188</u> | <u>856,322</u> |

Bank loans are secured by way of a floating charge over the assets of the company, cross company guarantee and a restricted personal guarantee by Colin and Aileen McAdam.

Hire purchase liabilities are secured over the assets being financed.

11. CONTINGENT LIABILITIES

The company has granted a corporate guarantee in favour of the bank in respect of all borrowings of its parent company, KCM Holdings (Scotland) Limited. As at 31 December 2019 these liabilities amounted to £Nil (2018: £Nil).

The company has granted a corporate guarantee, in favour of the bank, in respect of all bank borrowings of CAM Autos Limited. As at 31 December 2019 these liabilities amounted to £Nil (2018: £54,185).

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

12. OTHER FINANCIAL COMMITMENTS

Prior to the year end the company made a commitment to purchase €188,000 at the following spot rates:

- €88,000 at a spot rate of €1.1693:£1 satisfied in full on or before 13 January 2020;
- €50,000 at a spot rate of €1.1925:£1 satisfied in full on 30 April 2020; and
- €50,000 at a spot rate of €1.1910:£1 satisfied in full on 29 May 2020.

13. ULTIMATE CONTROLLING PARTY

The company is under the joint control of Colin McAdam and Aileen McAdam by virtue of their 100% holding in the ultimate parent company KCM Holdings (Scotland) Ltd.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.