

MERCAT FINANCE (AYRSHIRE) LTD

**UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017**

**Company Registration No. SC417747 (Scotland)
PAGES FOR FILING WITH REGISTRAR**

MERCAT FINANCE (AYRSHIRE) LTD

COMPANY INFORMATION

Directors Mrs Agnes Thomson
Mr James Thomson
Mr David Thomson
Mr Rodger Thomson

Company number SC417747

Registered office 45 Barrhill Road
Cumnock
Ayrshire
KA18 1PW

Accountants William Duncan + Co
44 Bank Street
Kilmarnock
Ayrshire
KA1 1HA

Business address 28 Robbiesland Drive
Cumnock
Ayrshire
KA18 1UD

Bankers Clydesdale Bank
30 The Square
Cumnock
Ayrshire
KA18 1AR

MERCAT FINANCE (AYRSHIRE) LTD

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MERCAT FINANCE (AYRSHIRE) LTD

BALANCE SHEET

AS AT 31 JANUARY 2017

	Notes	2017 £	£	2016 £	£
Current assets					
Stocks		10,328		3,995	
Debtors falling due after one year	4	320,376		397,625	
Debtors falling due within one year	4	351,429		316,994	
Cash at bank and in hand		156,464		69,927	
		<u>838,597</u>		<u>788,541</u>	
Creditors: amounts falling due within one year	5	<u>(575,730)</u>		<u>(616,100)</u>	
Net current assets			<u>262,867</u>		<u>172,441</u>
Capital and reserves					
Called up share capital	6		100		100
Profit and loss reserves			<u>262,767</u>		<u>172,341</u>
Total equity			<u>262,867</u>		<u>172,441</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 January 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

The financial statements were approved by the board of directors and authorised for issue on 22 June 2017 and are signed on its behalf by:

Mr James Thomson
Director

Company Registration No. SC417747

MERCAT FINANCE (AYRSHIRE) LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2017

1 Accounting policies

Company information

Mercat Finance (Ayrshire) Ltd is a private company limited by shares incorporated in Scotland. The registered office is 45 Barrhill Road, Cumnock, Ayrshire, KA18 1PW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Turnover

Turnover represents amounts receivable from interest & arrangement fees on finance agreements with customers.

1.3 Tangible fixed assets

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

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.4 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost price is the value outstanding on the defaulted finance agreement on which the vehicle has been returned.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

MERCAT FINANCE (AYRSHIRE) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

1 Accounting policies

(Continued)

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

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

Classification of financial liabilities

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

MERCAT FINANCE (AYRSHIRE) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

MERCAT FINANCE (AYRSHIRE) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

1 Accounting policies

(Continued)

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 1 (2016 - 0).

MERCAT FINANCE (AYRSHIRE) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

3 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 February 2016	-
Additions	20,280
Disposals	(20,280)
	<hr/>
At 31 January 2017	-
	<hr/>
Depreciation and impairment	
At 1 February 2016	-
Depreciation charged in the year	1,884
Eliminated in respect of disposals	(1,884)
	<hr/>
At 31 January 2017	-
	<hr/>
Carrying amount	
At 31 January 2017	-
	<hr/>
At 31 January 2016	-
	<hr/>

4 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	328,023	300,970
Other debtors	23,406	16,024
	<hr/>	<hr/>
	351,429	316,994
	<hr/>	<hr/>
Amounts falling due after more than one year:		
Trade debtors	320,376	397,625
	<hr/>	<hr/>
Total debtors	<hr/>	<hr/>
	671,805	714,619
	<hr/>	<hr/>

MERCAT FINANCE (AYRSHIRE) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

5 Creditors: amounts falling due within one year

	2017 £	2016 £
Bank loans and overdrafts	(10,909)	18,974
Trade creditors	388	724
Other taxation and social security	23,871	21,320
Other creditors	562,380	575,082
	<u>575,730</u>	<u>616,100</u>

6 Called up share capital

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

7 Related party transactions

The following amounts were outstanding at the reporting end date:

	2017 £	2016 £
Amounts owed to related parties		
Mercat Finance Partnership	18,920	4,576
	<u>18,920</u>	<u>4,576</u>

Mercat Finance (Ayrshire) Ltd is a related party of Mercat Finance Partnership by virtue of common control.

The following amounts were outstanding at the reporting end date:

	2017 Balance £
Amounts owed by related parties	
JK Thomson & Sons Ltd	7,200
	<u>7,200</u>

There were no amounts owed in the previous period.

MERCAT FINANCE (AYRSHIRE) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

7 Related party transactions

(Continued)

Mercat Finance (Ayrshire) Ltd is a related party of JK Thomson & Sons Ltd by virtue of common control. During the year Mercat Finance (Ayrshire) Ltd sold returned vehicles from terminated finance agreements to JK Thomson & Sons Ltd at a net loss of £3,989. Conversely sales commission payments amounting to £7,036 (2016 - £2,300) were paid across to JK Thomson & Sons Ltd in the year also.

Included within 'Other creditors' at 31 January 2017, are loans owed to the following related parties, on which interest is chargeable at 3% per annum :

- Amounts to a director - £21,363
- JK Thomson & Sons Ltd (connected company) - £34

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