

**MERCAT FINANCE (AYRSHIRE) LTD**

**UNAUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2021**

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

**MERCAT FINANCE (AYRSHIRE) LTD**

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# MERCAT FINANCE (AYRSHIRE) LTD

## BALANCE SHEET

AS AT 31 JANUARY 2021

	Notes	2021 £	£	2020 £	£
<b>Current assets</b>					
Stocks		3,940		-	
Debtors falling due after more than one year					
	4	131,934		173,870	
Debtors falling due within one year	4	252,497		308,243	
Investments	5	130,000		-	
Cash at bank and in hand		53,088		98,940	
		<u>571,459</u>		<u>581,053</u>	
<b>Creditors: amounts falling due within one year</b>	6	<u>(195,946)</u>		<u>(201,201)</u>	
<b>Net current assets</b>			<u>375,513</u>		<u>379,852</u>
<b>Capital and reserves</b>					
Called up share capital			100		100
Profit and loss reserves			<u>375,413</u>		<u>379,752</u>
<b>Total equity</b>			<u>375,513</u>		<u>379,852</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 2021 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 Companies Act 2006 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 10 September 2021 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 2021

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### 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 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.

#### 1.4 Cash at bank and in hand

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.

#### 1.5 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.

# MERCAT FINANCE (AYRSHIRE) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

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### 1 Accounting policies

(Continued)

#### **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.

#### **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 payments 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.

### 1.6 Equity instruments

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

### 1.7 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.

### 1.8 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.

## MERCAT FINANCE (AYRSHIRE) LTD

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### 3 Employees

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

	2021 Number	2020 Number
Total	1	1

#### 4 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors	241,376	297,012
Other debtors	11,121	11,231
	<u>252,497</u>	<u>308,243</u>

	2021 £	2020 £
<b>Amounts falling due after more than one year:</b>		
Trade debtors	131,934	173,870
	<u>131,934</u>	<u>173,870</u>
<b>Total debtors</b>	<u>384,431</u>	<u>482,113</u>

#### 5 Current asset investments

	2021 £	2020 £
Other investments	130,000	-

## MERCAT FINANCE (AYRSHIRE) LTD

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

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**6 Creditors: amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade creditors	5,124	-
Taxation and social security	1,079	4,577
Other creditors	189,743	196,624
	<u>195,946</u>	<u>201,201</u>

**7 Events after the reporting date**

At the date on which the financial statements were approved, the financial implications arising from the Coronavirus (Covid-19) outbreak, which has affected the UK, are uncertain. The directors are reviewing forecasts for an anticipated change in the company's operational activities in the short term. They are of the opinion that the Covid-19 outbreak is a non-adjusting Post Balance Sheet event and that the company remains a going concern.

**8 Related party transactions**

Mercat Finance (Ayrshire) Ltd is a related party of JK Thomson & Sons Ltd by virtue of common directorship. Included within 'Other debtors' at 31 January 2020 is an interest free loan of £7,200 owed by JK Thomson & Sons Ltd. This will be repaid within the current year.

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.