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## FORM AR27

Trade Union and Labour Relations (Consolidation) Act 1992

### ANNUAL RETURN FOR AN EMPLOYERS' ASSOCIATION

Name of Employers' Association:

Year ended:

List No:

Head or Main Office:

Website address (if available)

Has the address changed during the year to which the return relates? Yes  No  (Tick as appropriate)

General Secretary:

Contact name for queries regarding the completion of this return:

Telephone Number:

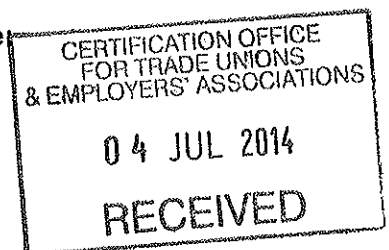
e-mail:

**PLEASE FOLLOW THE GUIDANCE NOTES IN THE COMPLETION OF THIS RETURN.**  
Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 020 7210 3734

The address to which returns and other documents should be sent are

For Employers' Associations based in England and Wales:  
Certification Office for Trade Unions and Employers' Associations  
22<sup>nd</sup> Floor, Euston Tower, 286 Euston Road, London NW1 3JJ

For Employers' Associations based in Scotland:  
Certification Office for Trade Unions and Employers' Associations  
Melrose House, 69a George Street, Edinburgh EH2 2JG



## RETURN OF MEMBERS

(see note 9)

NUMBER OF MEMBERS AT THE END OF THE YEAR				
Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	TOTALS
817	8			825

## OFFICERS IN POST

(see note 10)

Please attach as an annexe to this form a complete list of all officers in post at the end of the year to which this form relates, with the title of each persons office.

## CHANGE OF OFFICERS

Please complete the following to record any changes of officers during the twelve months covered by this return.

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date of Change

# REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

Previous Year		£	£
	<b>INCOME</b>		
	From Members                      Subscriptions, levies, etc		
	Investment income      Interest and dividends (gross) Bank interest (gross) Other (specify)		
	Other income              Rents received Insurance commission Consultancy fees Publications/Seminars Miscellaneous receipts (specify)		
	<b>TOTAL INCOME</b>		
	<b>EXPENDITURE</b>		
	Administrative expenses Remuneration and expenses of staff Occupancy costs Printing, Stationery, Post Telephones Legal and Professional fees Miscellaneous (specify)		
	Other charges              Bank charges Depreciation Sums written off Affiliation fees Donations Conference and meeting fees Expenses Miscellaneous (specify)		
	Taxation		
	<b>TOTAL EXPENDITURE</b>		
	Surplus/Deficit for year		
	Amount of fund at beginning of year		
	Amount of fund at end of year		

## ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 2		Fund Account	
Name of account:		£	£
<b>Income</b>	From members		
	Investment income		
	Other income (specify)		
	<b>Total Income</b>		
<b>Expenditure</b>	Administrative expenses		
	Other expenditure (specify)		
	<b>Total Expenditure</b>		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNT 3		Fund Account	
Name of account:		£	£
<b>Income</b>	From members		
	Investment income		
	Other income (specify)		
	<b>Total Income</b>		
<b>Expenditure</b>	Administrative expenses		
	Other expenditure (specify)		
	<b>Total Expenditure</b>		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

## ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 4		Fund Account	
Name of account:		£	£
<b>Income</b>			
From members			
Investment income			
Other income (specify)			
	<b>Total Income</b>		
<b>Expenditure</b>			
Administrative expenses			
Other expenditure (specify)			
	<b>Total Expenditure</b>		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNT 5		Fund Account	
Name of account:		£	£
<b>Income</b>			
From members			
Investment income			
Other income (specify)			
	<b>Total Income</b>		
<b>Expenditure</b>			
Administrative expenses			
Other expenditure (specify)			
	<b>Total Expenditure</b>		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

## ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 6		Fund Account	
Name of account:		£	£
<b>Income</b>	From members Investment income Other income (specify)		
	<b>Total Income</b>		
<b>Expenditure</b>	Administrative expenses Other expenditure (specify)		
	<b>Total Expenditure</b>		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNT 7		Fund Account	
Name of account:		£	£
<b>Income</b>	From members Investment income Other income (specify)		
	<b>Total Income</b>		
<b>Expenditure</b>	Administrative expenses Other expenditure (specify)		
	<b>Total Expenditure</b>		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		



## FIXED ASSETS ACCOUNT

(see note 21)

	Land & Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total
	£	£	£	£
<b>COST OR VALUATION</b>				
At start of period				
Additions during period				
Less: Disposals during period				
Less: DEPRECIATION:				
Total to end of period				
<b>BOOK AMOUNT at end of period</b>				
Freehold				
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
<b>AS BALANCE SHEET</b>				



## ANALYSIS OF INVESTMENTS

(see note 22)

		Other Funds £
<b>QUOTED</b>	British Government & British Government Guaranteed Securities	
	British Municipal and County Securities	
	Other quoted securities (to be specified)	
	TOTAL QUOTED (as Balance Sheet)	
	*Market Value of Quoted Investments	
<b>UNQUOTED</b>	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted securities (to be specified)	
	TOTAL QUOTED (as Balance Sheet)	
	*Market Value of Unquoted Investments	

\* Market value of investments to be stated where these are different from the figures quoted in the balance sheet

# ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 23 to 25)

<b>Does the association, or any constituent part of the association, have a controlling interest in any limited company?</b>		YES	<input checked="" type="checkbox"/>	NO
If YES name the relevant companies:				
<b>COMPANY NAME</b>  Scotsure Insurance Company Limited Andstrat (No.288) Limited The Scottish Motor Show Limited SMTA (Trading Partners) Limited Scotsure MBI Limited	<b>COMPANY REGISTRATION NUMBER (if not registered in England &amp; Wales, state where registered):</b>  SC127665 SC077926 SC121085 SC342972 SC352229			
<b>INCORPORATED EMPLOYERS' ASSOCIATIONS</b>				
<b>Are the shares which are controlled by the association registered in the association's name</b>		YES	<input checked="" type="checkbox"/>	NO
If NO, please state the names of the persons in whom the shares controlled by the association are registered.				
<b>COMPANY NAME</b>	<b>NAMES OF SHAREHOLDERS</b>			
<b>UNINCORPORATED EMPLOYERS ASSOCIATIONS</b>				
<b>Are the shares which are controlled by the association registered in the names of the association's trustees?</b>		YES	NO	<input checked="" type="checkbox"/>
If NO, state the names of the persons in whom the shares controlled by the association are registered.				
<b>COMPANY NAME</b>	<b>NAMES OF SHAREHOLDERS</b>			

## SUMMARY SHEET

(see notes 26 to 35)

	All funds except Political Funds £	Political Funds £	Total Funds £
<b>INCOME</b>			
From Members	238,630		238,630
From Investments	23,719		23,719
Other Income (including increases by revaluation of assets)	1,923,369		1,923,369
<b>Total Income</b>	<b>2,185,718</b>		<b>2,185,718</b>
<b>EXPENDITURE</b> (including decreases by revaluation of assets)	2,203,988		2,203,988
<b>Total Expenditure</b>			
<b>Funds at beginning of year</b> (including reserves)	2,309,899		2,309,899
<b>Funds at end of year</b> (including reserves)	2,291,629		2,291,629
<b>ASSETS</b>			
Fixed Assets			540,899
Investment Assets			472,476
Other Assets			1,974,512
		<b>Total Assets</b>	<b>2,987,887</b>
<b>LIABILITIES</b>			
		<b>Total Liabilities</b>	<b>696,258</b>
<b>NET ASSETS (Total Assets less Total Liabilities)</b>			<b>2,291,629</b>

## NOTES TO THE ACCOUNTS

(see note 36)

All notes to the accounts must be entered on or attached to this part of the return.

See attached Annual Report.

## ACCOUNTING POLICIES

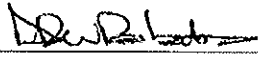

(see notes 37 and 38)

See attached Annual Report.

## SIGNATURES TO THE ANNUAL RETURN

(see notes 39 and 40)

including the accounts and balance sheet contained in the return.

Secretary's Signature: <u></u>	President's Signature: <u></u>
Name: <u>D R W ROBERTSON</u>	Name: <u>C MCGEOCH</u>
Date: <u>25/6/14</u>	Date: <u>25/6/14</u>

## CHECK LIST

(see note 41)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 3)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 3)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE RETURN BEEN SIGNED? (see Note 38)	YES	<input checked="" type="checkbox"/>	NO	
HAS THE AUDITOR'S REPORT BEEN COMPLETED (see Note 39)	YES	<input checked="" type="checkbox"/>	NO	
IS A RULE BOOK ENCLOSED? (see Note 40)	YES		NO	<input checked="" type="checkbox"/>
HAS THE SUMMARY SHEET BEEN COMPLETED (see Notes 6 and 25 to 34)	YES	<input checked="" type="checkbox"/>	NO	

# AUDITOR'S REPORT

(see notes 42 to 47)

made in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate?  
(See section 36(1) and (2) of the 1992 Act and notes 43 and 44)

**YES**

2. Have the auditors or auditor carried out such investigations in the preparation of their audit report as will enable them to form an opinion as to:
- (a) whether the trade union has kept proper accounting records in accordance with section 28 of the 1992 Act;
  - (b) whether it has maintained a satisfactory system of control over its transactions in accordance with the requirements of that section; and
  - (c) whether the accounts to which the report relates agree with the accounting records?
- (See section 36(3) of the 1992 Act, set out in note 43)

**YES**

3. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:
- (a) kept proper accounting records with respect to its transactions and its assets and liabilities; and
  - (b) established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.
- (See section 36(4) of the 1992 Act set out in note 43)

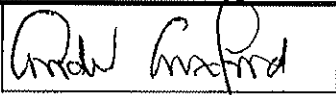
**YES**

4. Please set out a copy of the report made by the auditors or auditor to the union on the accounts to which this AR27 relates. The report is to set out the basis upon which the audit has been conducted and/or such other statement as the auditor considers appropriate. Such a statement may be provided as a separate document.  
(See note 45)

**SEE ATTACHED**

## AUDITOR'S REPORT (continued)

See attached Accounts

Signature(s) of auditor or auditors:		
Name(s):	Andrew Croxford	
Profession(s) or Calling(s):	CA	
Address(es):	Thomson Cooper 3 Castle Court Dunfermline Fife, KY11 8PB	
Date:	25/6/14	
Contact name and telephone number:	01383 628800	

N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.



# ANNUAL REPORT and ACCOUNTS 2014



Scottish Motor Trade Association Headquarters – Palmerston House, South Queensferry

CERTIFICATION OFFICE  
FOR TRADE UNIONS  
& EMPLOYERS' ASSOCIATIONS  
04 JUL 2014  
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THE SCOTTISH MOTOR TRADE  
ASSOCIATION LIMITED

Annual Report and Accounts

For the year ended  
31st March 2014

Palmerston House  
10 The Loan,  
South Queensferry,  
Edinburgh EH30 9NS  
Telephone: 0131-331 5510  
Facsimile: 0131-331 4296  
E-mail: [info@smta.co.uk](mailto:info@smta.co.uk)  
Website: [www.smta.co.uk](http://www.smta.co.uk)

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## NOTICE OF MEETING

### Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Scottish Motor Trade Association Limited, will be held in Palmerston House, 10 The Loan, South Queensferry on WEDNESDAY 25 JUNE 2014 at 12 noon.

By Order of the Board of Directors

D.R.W. Robertson  
Secretary

South Queensferry, 4 June 2014

### Agenda

1. To receive the Report from the Board of Directors
2. To receive the Accounts presented by the Board of Directors and the Auditors' Report thereon
3. To reappoint the Auditors and to authorise the Directors to agree their remuneration for the ensuing year
4. To elect one Office Bearer
5. To elect three persons to the Board of Directors

After the conclusion of the formal business of the meeting, it is intended that a short period be available for members' questions and discussions on any subject relating to the Association and not covered in the formal agenda items.

## BOARD OF DIRECTORS

### THE EXECUTIVE



PRESIDENT  
C. McGeoch



IMMEDIATE PAST PRESIDENT  
I. Grieve



TREASURER  
J.S. Kinghorn



CHIEF EXECUTIVE  
D.R.W. Robertson

### BOARD MEMBERS



ELECTED MEMBER  
W.A. Burgess



ELECTED MEMBER  
A. Campbell



ELECTED MEMBER  
G. Gall



ELECTED MEMBER  
G.W. Greenwood



SCOTSURE REPRESENTATIVE  
C.A.R. Ramsay



LAY MEMBER  
A.J.S. Smith

## PRESIDENT'S MESSAGE

As I approach the completion of my first full year as your President, I would firstly like to take this opportunity to thank my colleagues on the Board, Immediate Past President Ian Grieve, CEO Douglas Robertson and all the SMTA staff for their help and support in kindly guiding and settling me in my new role. It is a role I may add, I have thoroughly enjoyed, not least for the greater understanding and knowledge I have gained about our Industry and your businesses but, more importantly, my understanding of what the SMTA can deliver to our members to aid your success and long term futures.

There is absolutely no doubt what subject will be on everyone's lips over these summer months; the Independence referendum on the 18th September is looming fast. The debate, if you can call it that, is reaching a crescendo, with both campaigns vying to get their voice heard through every media channel possible. As you are fully aware, the SMTA has never been a politically affiliated organisation and we have no intention of becoming one. However, we feel strongly that an industry that is responsible for delivering close to 9% of the Scottish nation's GDP, employs over 40,000 people and has annual sales in the region of £12 billion deserves and needs greater facts; in particular from the "YES" for independence camp in relation to the benefits and practicalities of going it alone. This momentous constitutional and political proposed change, as you recall was laid out in the Scottish Government's White Paper back in November last year. It comprised 670 pages with a further 200 pages devoted to Q & A. Disappointingly, less than one page was accorded to the Scottish motor trade.

If I can remind you by summarising their proposals: A Scottish Motor Services Agency will be created covering the functions of the DVLA, DSA, VOSA and VCA and that this would become operational in the second parliament after Independence. In the meantime we will continue to use these agencies until such time as the new Motor Services Agency is set up and ready to run. We will, therefore, continue to have to live with the current agencies until at least 2021. To clarify whether these are facts or mere assertions, your Association has written to all four Westminster Government agencies to establish that correspondence has indeed taken place, and cooperation will follow to ease the transition if an Independence vote was carried. We will keep you informed in due course. Like the rest of the nation the SMTA has many imponderables it would like clarified

in the wake of a "YES" vote - none more so than currency and EU admission. To that end the SMTA will be writing to car manufacturers on your behalf to establish what plans, if any, they have put in place or have considered post election. I believe we have a duty to our members to obtain and communicate as many facts about what the future may hold as we possibly can. The SMTA continues to meet with Scottish and UK Government Ministers and staff and continues to develop these relationships as your representative.

There continues to be much debate about the increase in Scottish new car sales which rose by 12.55% in 2013, the highest annual total since 2007. For the first 4 months of this year the trend is continuing with an increase of 10.19% over the same period last year. Industry commentators and economists have predicted the market would stabilize and register moderate growth in 2014, in the region of about 5% ahead of the previous year, forecasting around 207,500 registrations. Some manufacturers are playing their part, some considerably better than others I may add, and like our franchised members, are shouting loud and clear that there has never been a better time to buy a new car. They are building vehicles that appear to be aligning closer with the significant shift we are seeing in today's consumer key buying motives; namely style, value for money, reliability, CO2 emissions, economy and whole ownership costs. Credit must also go to our Association's franchise dealers in the way they are connecting with their Scottish customers in communicating the many added value benefits of low rate finance, PCP offers, subsidised service plans and longer warranty periods. There is also a strong belief we are exiting out of the recession that bit quicker than the rest of the UK, leading to an increase in consumer and business confidence.

We continue to work closely with the NFDA, with our Chief Executive, Douglas Robertson, on their Executive Committee. This ensures our members views are being shared and also enables all franchised members to be kept abreast of Block Exemption and other items of legislation which have a bearing on the day to day workings of their business. Douglas Robertson also sits on the Automotive Aftermarket Liaison Group (AALG) which looks after the interests of our Independent Members. A current issue is the Right to Repair campaign which is receiving much publicity at present. Service retention is currently one of the biggest areas of concern for the franchised network; however, the

**The Scottish Motor Trade Association Limited**

Independent sector now accounts for some 58-60% of the market. Both sides of the industry will continue to give this area of business much attention.

The SMTA plays a major part in ensuring high standards of MOT testing with our MOT QC Scheme and with the support of the Grampian Motor Training Trust we have been able to expand this service in the Grampian region of Scotland. This will continue to expand in the coming year with the addition of more staff. David Innes also sits on the MOT Trade Forum, working closely with the Department of Transport in updating MOT matters and keeping us fully informed of all compliance requirements.

With regard to the threat to the current MOT set up from the EU which was proposed last year to separate testing and repairing, which would have effectively barred testers from repairing a vehicle which had failed and re-testing it, I am delighted this proposal has now been shelved after some effective lobbying from North and South of the border. We do hope common sense has prevailed.

Our Chief Executive has remained in close touch with the DVLA during the trials and tribulations of its new computerisation of its services. They have come in for their share of criticism during their quest to streamline the Agency. Criticism I believe which was completely justified in the way they left the Retailer exposed to lengthy delays involving private plate transfers and retentions, with virtually no means of any effective communication channels. Empathy and understanding of our business with regard to cash flow and customer care was severely lacking and showed a complete disregard for the Agency's biggest customer. It is my opinion, service is improving, the efficiency of the AFRL system has greatly improved and we all welcome the abolition of the tax disc when it comes. However, waiting 2-3 weeks for private plate transfers and retentions is still not acceptable and needs to improve.

Promoting our industry, I am sure you would agree, is the responsibility of us all. We have lots to shout about; providing real jobs with careers and prospects; offering contractual hours that deliver a living wage; giving our people the security they need to plan for the future for themselves and their families and making available to our young people, apprenticeships, occupational qualifications and graduate schemes. Let's continue the good work this Country is renowned for, getting out there into our communities' seats of learning and spreading the word that we are a viable career alternative for our young people today. Within the training department at our Association we have over 240 apprentices. These young people are under the guidance of Fraser Miller our Training Manager. Fraser and

the Association are committed to building on those numbers and delivering to our members, young men and woman that grow into valued contributors to your business. I would also like to take this opportunity to thank our colleges, lecturers, the IML and all other training providers for playing their part in the continuous common cause we are all engaged in - to raise the standards of the Motor industry.

Looking ahead at the remainder of the year and into 2015, I am excited by the plans confirmed at the last SMTA Board Meeting. In a few months' time we will see the introduction of SMTA and Scotsure service plans and will very shortly see Roadside Assistance added to our Scotsure Warranties and Dealer Guarantees. Malcolm McRobert, Business Development Manager, and his team are committed to improving all our communication channels. Along with our very popular monthly Bulletin, the nine page permanent feature in ScotsAutoScene - "Motor Trade Matters" - has established itself as an excellent channel, where you can see at first glance how much your business can gain and where SMTA membership delivers real commercial value

Exciting times lie ahead for our Association and our members, maybe even historical times. As your only Scottish based association we have the recognition from the Holyrood power brokers that we would be involved in any consultations in the shaping of the new services. I believe our members are now perfectly placed to receive the information they need for making decisions going forward. With our membership up 8% in the last year, it only leaves me to say on behalf of all the team at Palmerston House, a massive thank you for your continuous support. We look forward to serving you and playing our part in growing your businesses in the future.

**COLIN MCGEOCH**  
President

4 June 2014

# STRATEGIC REPORT

The Board of Directors of the Association present the Strategic Report and Financial Statements for year ended 31 March 2014.

## SMTA

The year under review has seen the Association as a separate entity return a deficit close to £100k. This was some 9% less than budgeted with this reduction being achieved mainly through our control of costs and an increase in Other Income. The year saw a change in the basis of allocating costs within the Group with group expenditure now being charged wholly to the holding company, the SMTA, and only direct costs being charged against our subsidiaries. It is anticipated that an increase in internal Management Charges together with an expansion of our business will, over the course of the next few years dissipate the effect of these increased costs.

The year under review saw an increase in membership of the Association of just over 8% meaning that we ended the year with 825 members. The bulk of these members joined the Association in the final few months of the year which meant that the increase was not reflected in our subscription income to any great extent; however with retention of all members being prioritised it is anticipated that a real benefit will be seen in 2014/15. It is also worth mentioning that of those members who left during the course of the year more than half were sold or closed down.

As reported last year we targeted a specific area of the retail motor trade in our membership campaign and this resulted in almost all of our increase in membership coming from MOT Stations. This targeting of MOT stations together with significant support from the Grampian Motor Training Trust (GMTT) has resulted in a considerable increase in the use of our MOT QC Scheme and is mainly responsible for the increase in the Association's Other Income. We are pleased to report that GMTT has indicated that its support will continue for a further year.

Continuing on the marketing front we were pleased to reach an agreement with ScotsAutoScene to incorporate our relatively new monthly magazine "Motor Trade Matters" in each of its monthly editions thereby allowing us to publicise the benefits of SMTA membership and of using Scotsure MBI to a much larger audience. We were also pleased to note in a survey held during the year of the popularity of our monthly Bulletin which brings up to date news and views to all members of the Association.

Our planned introduction of service plans, for a variety of reasons, did not come to be in the year

under review; however we are now in a position to confirm that these will shortly be in place with an anticipated start date of no later than 1st September 2014.

Your Board has taken time at recent Board Meetings to consider the forthcoming Referendum on Scottish Independence. Whilst we will not be taking a political position on this the Board feels that it has a duty to our members to keep them advised of developments in the campaign that will affect the retail motor trade in Scotland. As a consequence we are seeking to establish from The Scottish and UK governments their positions regarding certain aspects of the future that will affect our members. Similarly we are seeking the views of all the motor manufacturers with regard to their positions regarding Scotland should there be a "yes" vote on September 18th. The responses will be summarised in our monthly Bulletin.

During the past year we have maintained our normal links with the Department for Transport, the Scottish Government, Trading Standards and also with UK government agencies. VOSA and the DSA (now the DVSA) and the DVLA are those with whom we have been in most regular contact and we have played a considerable part in the debate over the computerisation of the DVLA's services - not least in what has seemed to be an ongoing battle over their computerisation of the registering of personalised number plates/cherished transfers. We can but hope that an end is now in sight to this project.

We have also maintained our close links and work with our colleagues in the various divisions of the Retail Motor Industry Federation (RMIF); at the NFDA, the IGA and the PFA and we continue to participate in the MOT Trade Forum and the AVALG (Automotive Aftermarket Liaison Group).

## SCOTSURE INSURANCE CO LTD

Having de-registered as a general insurance company last year, Scotsure Insurance Co Ltd (SIC) now operates as a small investment company with only investment income as a revenue stream. Early in the financial year the Board decided not to transfer its investments to the SMTA, the holding company and, for the time being, these investments will remain with SIC. Consequently this business will not become dormant as we had suggested in last year's Director's Report.

## SCOTSURE MBI LTD

Scotsure MBI Ltd (SMBI) has again had a challenging year resulting in a small increase in

policy sales of only around 2.5%. However an improvement in our administration margins has seen turnover rise by 8.5% over last year. During the course of the year a review of the SMTA's marketing policy resulted in the withdrawal of Scotsure's field representation on a full-time basis. Perhaps surprisingly this resulted in no loss of policy numbers and has improved the profitability of the business. 2014/15 has shown encouraging signs of more new business being attracted.

Our relationship with our underwriters Cardiff Pinnacle (CP) remained good throughout the year with all audits of SMBI showing as "green". However in the spring of 2013, as reported last year, the Scotsure Board felt it wise to look at the market as the contract with Cardiff Pinnacle was due for renewal in early April 2014. Consequently, agreement was reached with Motors Insurance Company Ltd (MCL), one of Europe's leading warranty underwriters, and a new five-year contract commenced at the start of April this year which will include Scotsure Assist (Roadside Assistance) for the first time with there also being the possibility of MOT cover being part of SMBI's range of policies. As with the previous three years there have been no unresolved complaints passed to the Financial Ombudsman Service.

John Chessor remains Chairman of the Scotsure Boards ably assisted by Drew Ramsay who represents the two businesses on the main SMTA Board, and the executive staff.

#### SMTA (Trading Partners) LTD

The turnover of Trading Partners (TP) rose by 9.76% in the year under review allowing a 14.7% increase in the Management Charge paid to the SMTA. The number of members in membership of Trading Partners increased by 49 to 177 by the end of the year under review; however, the usage by these new members did not reach expectations in the latter part of the year. The TP Board is aware of the pressure that suppliers are put under in trying to achieve the correct pricing balance; however, we are aware that there is some price undercutting taking place and, whilst that may be beneficial to our member companies, all members must realise that in the long run it will not be sustainable for the suppliers and that a reduction in the availability of suppliers can only mean an increase in prices.

To this end the TP Board has ordered a strategic review of the company's product/service range and this should be completed by September of this year. It is to be hoped that the outcome will see an increase in the range of products and services made available and that the pricing structures will help members to see where genuine savings can be made.

Nevertheless after the fall in turnover in 2012/13 the Board, chaired by SMTA Treasurer Stuart Kinghorn, is satisfied with the progress being made by the

company but also feel that there is much more to be done to enable the company to offer further services and products to all our members.

As before, the message from Trading Partners remains the same as in previous years -- our bulk buying power frequently does give us that competitive edge and the more members who participate, the more we will see the benefit. Members should also note that there is no cost involved in joining Trading Partners -- but there could well be a considerable saving!

#### TRAINING

Under the guidance of our Training Manager, Fraser Miller, our Apprentice Training Division has again performed well and remains at the forefront of the retail motor industry in Scotland. At the end of the year under review trainee numbers were down a fraction on previous years but we regard this merely as a reflection of the reluctance of many employers to take on youngsters to train for the future. We can, to an extent, understand this; however, it is our belief that if employers were to look more realistically at not only the costs of employing an apprentice technician, but also the return on this investment over the term of an apprentices training, then many more would return to employing them. This message has been backed by the Institute of the Motor Industry (IMI) following a lengthy investigation by them into the cost of hiring apprentices.

The financial contribution of the Training Division has once again been satisfactory and our relationship with GTG Ltd who carry out the administration element of our training programme with Skills Development Scotland (SDS) remains excellent. We do anticipate an increase in apprentice numbers during 2014/15 as it becomes more and more evident that the recessionary years are at an end; we will continue to advise and encourage employers to invest in the future of their business by employing apprentices and, by so doing, continuing to ensure that the skills levels of Scotland's repairers remains at the highest possible standard.

We continue to work closely with the Grampian Motor Training Trust (GMTT) looking to identify and increase training opportunities within the retail motor industry in the Grampian region of the country and we also remain closely involved with the Institute of the Motor Industry (IMI) not only as their Scottish Office is located in Palmerston House, but also through our membership of their Scottish Employers Forum. Our relationship with Scotland's colleges remains, for the most part, excellent though we have seen some problems in the past year with what we regard as the "immoveable petliness" of some civil servants. However, as we are determined to ensure that there is a continuing supply of properly qualified technicians for our members, we have followed due process in dealing with such aspects of further education within Scotland and are satisfied with the outcomes.



## SERVICES

For many years now we have worked with Giles Insurance Brokers Ltd as our own insurance advisors and as the providers of a brokerage service to our members. In the past month Giles, following their acquisition, has become Arthur J Gallagher (AJG); however they remain committed to servicing members' needs in the future and with the commitment of their new owners hope to improve on what we consider already to be an excellent service. As before, we would recommend that all members speak with AJG prior to arranging their annual motor trade insurance. AJG's options are now greater than before and a move to them will bring further benefits to yourselves and to your Association which can be shared with all members.

The SMTA's MOT QC programme remains a leader in the MOT sector in Scotland and continues to be highly regarded by the DVSA (formerly VOSA) and the users of the programme. Once again, in the past year we have represented members in their appeals against disciplinary action and on every occasion the members have been satisfied with the outcome of these appeals. Much of this is due to the skill and patience of our Independent Garage Division Manager, David Innes, who is now one of the most knowledgeable and highly respected MOT "gurus" in the UK. Such has been the success of our MOT QC Scheme that we have now taken on an external consultant to assist David in meeting members' demand for this service and we anticipate a 25-30% increase in this demand in the coming year.

Our Employment Law advisory service continues to see greater usage by members and we have now introduced a complimentary Employment Law package for all new members as a guide to the services that we can offer. Whilst we do not represent members in courts or tribunals, our advisory service can and does save members considerable amounts of time and money by ensuring that the law is followed where an employment problem arises. We would, however, emphasise to all members, the absolute necessity to ensure that all members of your staff have been issued with a contract of employment or at least a statement of their terms and conditions of employment. It continues to astonish us that so many businesses do not issue such statements when it is an employee's right to have one. We can, of course, assist members by issuing such contracts on their behalf. We remain committed to training our staff in the latest employment law legislation to ensure that the quality of service offered to members remains at a consistently high standard.

In the past year we have maintained our lobbying links with the Scottish and UK governments and are pleased to note that our efforts within Europe helped to ensure that the status quo is maintained for the MOT test and the duties of the testing garage and repairing garage are not separated by law.

Through our relationship with the Petrol Rotalers Association (PRA) we have increased our activities looking at the problems of the closure of filling stations in Scotland, particularly as a result of further supermarket openings. It appears that the Scottish government has little appetite for facing up to this problem; however we will maintain our stance on this into the future or until the Scottish government sees sense. Our interest in working with the PRA will remain as it is at present depending on the appetite our filling station members have for becoming involved. Fuel supply is a very specialised sector within the motor industry and it does require a level of expertise which the PRA undoubtedly has; however it may be that members decide that the costs involved are prohibitive. As always we will let our members decide.

## CONCLUSION

It has not been a highly successful year in terms of surplus; however, bearing in mind that at the start of the year the Board accepted a budgeted deficit we are satisfied that the results have been within that budget. The investments made in the year under review in terms of IT and staff will, we are sure, bring considerable benefits to the Association in the years to come. This investment will continue in the current year and again we would predict that the benefits will be seen fairly soon.

The past year has seen successes in our membership drive and this will continue; we have seen a stabilisation and small expansion of Scotsure, our warranty subsidiary; we have seen an increase in the turnover and contribution from Trading Partners and all of these will continue in the current year. We look forward with considerable enthusiasm to the introduction of the SMTA and Scotsure service plans where much of the preparatory work has been carried out in the past year; similarly we look forward to the introduction of Scotsure Assist our roadside assistance scheme and we look forward to further introduction of a considerable number of new members.

In the past year our profile in the motor industry in Scotland (and the UK) has increased as has our profile with consumers; however we do need to do more and your Board is committed to ensuring that targets are set and that they will be met in 2014/15. We are close to reaching agreement with the Trading Standards department on the content of our Used Car Standards for used car dealers - all independent used car dealers will be expected to adhere to this Code which is, as it needs to be, consumer friendly. We expect all members to adhere to our Code of Conduct which to our mind, merely reflects good business sense and we will continue to ensure that all new members commit to these standards before admission to membership.

**The Scottish Motor Trade Association Limited**

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Finally, we wish to thank the Chief Executive and the staff of the Association for the effort they have put in during the year under review. We are satisfied that the Association is in good health and that it will continue to be the leading Trade Association for the retail motor industry in Scotland.

On behalf of the Board

**DOUGLAS ROBERTSON**  
Chief Executive

4th June 2014

## DIRECTORS' REPORT

The Board of Directors of the Association present their Report and Financial Statements for the year ended 31 March 2014. The group reports a deficit after tax of £18,270 on a Group Operating Income of £2,153,456.

The Board is pleased to note that the Group deficit which has been incurred is below that projected at the start of the financial year. As reported in the strategic report a sizeable deficit was incurred by the SMTA; however good contributions by Scotsure MBI Ltd and SMTA (Trading Partners) Ltd ensured that the group deficit was reduced to the figure indicated above.

Following its de-registration as a general insurance company last year, Scotsure Insurance Company now operates only as a small investment company.

The Board continues to ensure that strict control is maintained over expenditure as it seeks to continue its expansion of the Group's current activities in the coming year. It has for 2014/15 accepted a Group budget anticipating a surplus; this despite the fact that we will be continuing to invest further in IT and people. We believe that our tight control of costs and the continuing support of our members will help us to achieve this target.

We are also pleased to report that during the year under review no overdraft facility has been required with any of our bankers. As you will be aware there has been some public concern regarding the liquidity of our main bankers, the Co-operative Bank, and your Board took the precaution of transferring a considerable amount of cash to another of our bankers during the year. Nevertheless we do, to an extent, remain a little exposed and a close watch is being kept on developments within the Co-operative Group.

### PRINCIPAL ACTIVITIES

The principal activity of the Group continued to be that of a member body which exists to represent all aspects of the retail motor trade in Scotland. Details of the activities of the Group's subsidiaries are set out in the Strategic Report.

The Directors who served during the year are set out on Page 12.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and 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 Association and Group financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Association and the Group and of the surplus or deficit of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association and the Group will continue in business.

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

### STATEMENT OF DISCLOSURE TO AUDITOR

So far as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Group's auditors are aware of that information.

On behalf of the Board

**DOUGLAS ROBERTSON**  
Chief Executive

4th June 2014

## ASSOCIATION BOARD OF DIRECTORS

<b>C. McGeoch</b> (Chairman)	Phoenix Car Co, Paisley
<b>J.S. Kinghorn</b> (Treasurer)	Mansfield Motors, Hawick
<b>W. A. Burgess</b>	ANZ Automotive, Stranraer
<b>A. Campbell</b>	North Road Garage, Kelly
<b>G. Gall</b>	Arnold Clark Automobiles, Glasgow
<b>I. Griev</b>	Ian Griev (Falkirk), Falkirk
<b>G.W. Greenwood</b>	Newmarket Garage, Bannockburn
<b>C.A.R. Ramsay</b> (Scotsure Representative)	Haddington
<b>A.J.S. Smith</b>	Aberdeen
<b>D.R.W. Robertson</b>	SMTA, South Queensferry

## ASSOCIATION ADVISORS

<b>AUDITORS</b>	Thomson Cooper, 3 Castle Court, Carnegie Campus, Dunfermline, Fife, KY11 8PB
<b>BANKERS</b>	The Co-operative Bank plc, 86 Fountainbridge, Edinburgh, EH3 9QA Royal Bank of Scotland plc, 36 St. Andrew Square, Edinburgh, EH2 2YB Bank of Scotland, 20-22 Shandwick Place, Edinburgh, EH2 4RN HSBC, 76 Hanover Street, Edinburgh, EH2 1HQ
<b>LEGAL ADVISORS</b>	Anderson Strathern LLP, 1 Rulland Court, Edinburgh, EH3 8EY
<b>INSURANCE BROKERS</b>	Arthur J Gallagher Insurance Brokers Ltd, 7th floor Spectrum Building, 55 Blythswood Street, Glasgow G2 7AT

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## ORGANISATION

### S.M.T.A LIMITED

**Chief Executive & Company Secretary** D.R.W. Robertson

#### Senior Staff

Manager – Independent Garage Division	D. Innes
Training Manager	F. Miller
Finance / Administration Manager	M. Gaynor
Business Development Manager	M. McRobert

## SUBSIDIARY COMPANIES

### SCOTSURE INSURANCE COMPANY LIMITED

#### Board of Directors

Chairman	J. C. Chessor
Chief Executive & Company Secretary	D.R.W. Robertson

### THE SCOTTISH MOTOR SHOW LIMITED

#### Board of Directors

Chairman	I. Grieve
Chief Executive & Company Secretary	D.R.W. Robertson
	A.J.S. Smith

### SCOTSURE MBI LIMITED

#### Board of Directors

Chairman	J. C. Chessor
Chief Executive & Company Secretary	D.R.W. Robertson
	C. A. R. Ramsay

#### Senior Staff

Operations Manager	D. McLennan
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### SMTA (TRADING PARTNERS) LIMITED

#### Board of Directors

Chairman	J.S. Kinghorn
Chief Executive & Company Secretary	D.R.W. Robertson
	C. McGeoch
	D. Innes

### ANDSTRAT (No 288) LIMITED

#### Board of Directors

Chief Executive & Company Secretary	D.R.W. Robertson
	I. Grieve

## CONSUMER AFFAIRS' REPORT

The Association operates an independent customer complaints, conciliation and arbitration service to assist members and their customers resolve disputes. Should no agreement be reached at the Committee stage, there exists the facility to refer the matter to formal arbitration, the results of which are legally binding on both parties and enforceable in law.

Each case presented is dealt with entirely by written submissions to a panel of independent technical experts and Trading Standards officers. Trading Standards departments continue to be keen to work with the Association in this fashion as their presence at Committee meetings is evidence of the Committee's impartiality. The statistics for the operation of the service over the last year are reproduced below. Though there has been an increase in initial approaches to us, the figures continue to give a strong indication that informal conciliation of such potential disputes is highly successful in resolving the matter before it is formally registered as a complaint. 5 meetings of the Committee were held during 2013-14.

	%	2013/14	%	2012/13
TOTAL COMPLAINT ENQUIRIES RECEIVED		465		431
Less resolved by telephone advice or by company prior to Committee including referrals to other bodies	95.7	445	93.7	404
FORMAL COMPLAINTS REGISTERED and CONSIDERED BY COMMITTEE		20		27
Resolved for complainant	45.0	9	40.7	11
Resolved for member company	55.0	11	59.3	16
		20		27
Complaints passed to formal arbitration		0		0

The complaints, conciliation and arbitration procedure is an important member service, and also affords consumers a valuable redress mechanism should they be dissatisfied in any way with the service they have received from an SMTA member.

It is important to note that the scheme operated by the SMTA is outwith the scheme operated by Motor Codes Ltd. The SMTA is in agreement with the principles and content of Motor Codes Code of Practice; however, whilst supportive of the Code, we feel it essential to retain our independent redress procedure which can be utilised by any member, irrespective of whether or not they subscribe to Motor Codes Code of Practice.

Customer complaints should be sent for consideration to:

Consumer Affairs Department  
 Scottish Motor Trade Association Ltd  
 Palmerston House  
 10 The Loan  
 South Queensferry EH30 9NS  
 (Tel: 0131 331 5510)

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SCOTTISH MOTOR TRADE ASSOCIATION LIMITED

We have audited the financial statements of The Scottish Motor Trade Association and its subsidiaries ("the Group") for the year ended 31 March 2014 which comprise the consolidated income and expenditure account, the balance sheets, the consolidated cash flow statement and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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.

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement on page 11, the directors are responsible for the preparation of the Annual Report and the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the Annual Report and the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

## OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the Association's affairs as at 31 March 2014 and of the group's deficit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report, Directors' Report and the other information contained in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Andrew W Croxford (Senior Statutory Auditor)**  
for and on behalf of Thomson Cooper  
Statutory Auditor  
Dunfermline

4th June 2014

## CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2014	Notes	2014 Continuing Operations £	2013 Continuing Operations £
Operating Income	3	2,153,456	2,033,304
Employment Costs	3,4	(534,328)	(464,992)
Other Operating Charges	3,5	(1,672,086)	(1,587,381)
		<hr/>	<hr/>
OPERATING DEFICIT	3	(52,958)	(19,069)
Net Surplus from Investments and Similar Income	6	32,262	55,386
		<hr/>	<hr/>
(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		(20,696)	36,317
TAX CHARGE ON (DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES	7	2,426	(6,724)
(DEFICIT)/SURPLUS FOR THE YEAR	14	<hr/> <u>(18,270)</u>	<hr/> <u>29,593</u>

The statement of movement on reserves is shown in note 14.

There are no recognised gains or losses other than as stated above.



## CONSOLIDATED BALANCE SHEET

31 MARCH 2014	Notes	2014 £	2013 £
<b>FIXED ASSETS</b>			
Intangible assets	8	-	-
Tangible assets	9	540,899	583,128
		<u>540,899</u>	<u>583,128</u>
<b>CURRENT ASSETS</b>			
Investments	11	472,476	453,937
Debtors	12	423,445	365,810
Cash at bank and in hand		1,551,067	1,483,102
		<u>2,446,988</u>	<u>2,302,849</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	13	696,258	576,078
		<u>696,258</u>	<u>576,078</u>
<b>NET CURRENT ASSETS</b>		<u>1,750,730</u>	<u>1,726,771</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,291,629</u>	<u>2,309,899</u>
<b>ACCUMULATED SURPLUS</b>	14	<u>2,291,629</u>	<u>2,309,899</u>

These financial statements were approved by the Board of Directors of the Association on 4 June 2014.

Signed on behalf of the Board of Directors

**C. MCGEOCH**  
President

**D.R.W. ROBERTSON**  
Chief Executive

Company Registration No. SC005898

## ASSOCIATION BALANCE SHEET

31 MARCH 2014	Notes	2014 £	2013 £
<b>FIXED ASSETS</b>			
Tangible assets	9	540,693	568,412
Investments	10	797,556	797,556
		<u>1,338,249</u>	<u>1,365,968</u>
<b>CURRENT ASSETS</b>			
Debtors	12	262,009	253,136
Cash at Bank		536,092	22,050
		<u>798,101</u>	<u>275,186</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
	13	1,231,112	632,157
<b>NET CURRENT LIABILITIES</b>			
		<u>(433,011)</u>	<u>(356,971)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>905,238</u>	<u>1,008,997</u>
<b>ACCUMULATED SURPLUS</b>			
	14	<u>905,238</u>	<u>1,008,997</u>

These financial statements were approved by the Board of Directors of the Association on 4 June 2014.

Signed on behalf of the Board of Directors

**C. MCGEOCH**  
President

**D.R.W. ROBERTSON**  
Chief Executive

Company Registration No. SC005898

## CONSOLIDATED CASH FLOW STATEMENT

31 MARCH 2014	Notes	2014 £	2013 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	18	53,537	(19,365)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest received	13,811	20,212	
Interest Paid	-	(10,784)	
Dividends received	9,996	8,758	
Net cash inflow from returns on investments and servicing of finance		23,807	18,187
TAXATION			
Corporation tax paid		(4,181)	(11,842)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Receipts from sales of tangible fixed assets	6,207	17,750	
Payments to acquire tangible fixed assets	(1,409)	(85,830)	
		4,798	(68,080)
NET CASH INFLOW/(OUTFLOW) BEFORE USE OF LIQUID RESOURCES		77,961	(51,100)
MANAGEMENT OF LIQUID RESOURCES			
Payments to acquire current asset investments	(9,996)	(8,680)	
Receipts from sales of current asset investments	-	4,547	
		(9,996)	(4,133)
INCREASE/(DECREASE) IN CASH	19,20	67,965	(55,233)

## NOTES TO THE ACCOUNTS

31 MARCH 2014

### 1. STATUS

The Association is a company limited by Guarantee and not having a Share Capital. The liability of the members who constitute the Association is limited to £1 per member. The affairs of the Association are managed by an elected Board of Directors. Details of the Board of Directors are given on page 12 of the Annual Report.

### 2. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the Directors are described below:-

#### (a) CONVENTION

The accounts are prepared under the historical cost convention as modified by the revaluation of heritable property and current asset investments.

#### (b) BASIS OF CONSOLIDATION

The Group accounts consolidate the accounts of the Association and all subsidiaries for the financial year ended 31 March 2014.

#### (c) OPERATING INCOME

Operating income comprises the value of services provided in the course of the Group's ordinary activities, net of discounts, value-added tax and insurance premium tax.

#### (d) TANGIBLE FIXED ASSETS AND DEPRECIATION

With the exception of heritable property, depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:-

Computer Equipment	33 1/3%
Equipment and Fittings	10-20%
Motor Cars	25%

No depreciation is charged on heritable land or property. Heritable property is maintained to a high standard and the costs of refurbishment and maintenance are charged to the income and expenditure account as incurred. The Directors review the value of the heritable land and property on an annual basis and provision is made for any impairment accordingly.

#### (e) INTANGIBLE ASSETS

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 5 years.

#### (f) INVESTMENTS

Investments held as fixed assets are stated at cost. Investments held as current assets are stated at market value.

#### (g) LEASED ASSETS

Rental costs under operating leases are charged to the income and expenditure account in equal annual amounts over the periods of the leases.

#### (h) PENSIONS

The group operates a defined contributions group personal pension scheme covering certain of its employees. The pension cost shown in note 4 represents the contributions payable to the pension scheme in respect of the accounting period.

3. ANALYSIS OF ACTIVITY	Services to	Trading	Scotsure	Scotsure	Group	Group
	Members	Partners	MBI	Insurance	2014	2013
	£	£	£	£	£	£
Operating Income						
Annual Subscriptions	238,630	-	-	-	238,630	234,309
Training and seminars	419,414	-	-	-	419,414	427,838
Administration fees	-	-	229,497	-	229,497	211,175
Earned premiums & commissions	21,625	58,025	-	-	79,650	54,835
Members recharges	-	1,168,909	-	-	1,168,909	1,064,907
Management Charges (note 5)	82,300	-	-	-	82,300	99,600
Other Income	13,330	-	4,026	-	17,356	40,240
	<u>775,299</u>	<u>1,226,934</u>	<u>233,523</u>	<u>-</u>	<u>2,235,756</u>	<u>2,132,904</u>
Elimination of Group Management Charges					(82,300)	(99,600)
					<u>2,153,456</u>	<u>2,033,304</u>
Employment Costs (note 4)	431,514	-	102,814	-	534,328	464,992
Other Operating Charges (note 5)	451,020	1,224,761	76,731	1,874	1,754,386	1,686,981
Elimination of Group Management Charges					82,300	99,600
					<u>1,672,086</u>	<u>1,587,381</u>
	(882,534)	(1,224,761)	(179,545)	(1,874)	(2,206,414)	(2,052,373)
Operating surplus/(deficit) - 2014	(107,235)	2,173	53,978	(1,874)	(52,958)	
Operating surplus/(deficit) - 2013	6,466	4,853	10,593	(40,981)		(19,069)

All operating income is generated in the UK

4. EMPLOYMENT COSTS	2014	2013
	£	£
Salaries	439,332	377,914
Social Security Costs	49,913	42,739
Pension Fund Contributions	45,083	44,339
	<u>534,328</u>	<u>464,992</u>
The average weekly number employed by the Group within each category of person was:	No	No
Administration	14	13
Directors' Emoluments	£	£
Emoluments of executive directors	84,389	82,242
Contributions to group personal pension scheme on behalf of one director (2013 : one)	14,621	14,664

No fees were paid to Non Executive Directors during the year (2013 - £nil)

5. OTHER OPERATING CHARGES

	2014 £	2013 £
Total expenditure of £1,754,386 (2013: £1,686,981) includes:-		
Depreciation of tangible assets	35,024	35,139
Amortisation of intangible assets	-	1,068
Loss/(gain) on sale of fixed assets	2,407	(6,760)
Travel and meeting expenses	15,088	18,620
Special meetings and functions	6,885	6,893
RMJ affiliation fee	16,184	15,785
Management charges - (note 3)		
Scotsure MBI Limited	30,000	24,000
Scotsure Insurance Co Limited	-	30,000
SMTA (Trading Partners) Limited	52,300	45,600
<u>Auditors' remuneration is comprised as follows:</u>		
Fees payable to the group's auditor for the audit of the group's annual accounts (company £7,100; 2013 £6,250)	13,000	13,000
Fees payable to the group's auditor for other services:		
- tax services	1,700	1,700
- other	300	300
	<u>15,000</u>	<u>15,000</u>

6. NET SURPLUS FROM INVESTMENTS AND SIMILAR INCOME

Listed investments	17,996	16,759
Bank interest payable	-	(7,784)
Bank interest receivable	5,723	12,088
	<u>23,719</u>	<u>21,063</u>
Unrealised gain on investments	8,543	34,745
Realised loss on investments	-	(422)
	<u>32,262</u>	<u>55,386</u>

7. TAX CHARGE ON (DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES

<i>Current Taxation</i>		
UK corporation tax	-	6,607
Adjustments in respect of prior periods	(2,426)	117
Tax on surplus on ordinary activities	<u>(2,426)</u>	<u>6,724</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 20% (2013 : 20%). The actual tax charge for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation.

(Deficit)/surplus on ordinary activities before tax	(20,696)	36,317
Tax on (deficit)/surplus on ordinary activities at standard rate	(4,139)	7,263
Factors affecting charge for the period:		
Prior period adjustments	(2,426)	117
Non taxable income	(3,708)	(1,752)
Depreciation in excess of capital allowances	3,453	(536)
Losses carried forward	3,794	-
Other tax adjustments	600	1,632
Total actual amount of current tax	<u>(2,426)</u>	<u>6,724</u>

<b>8. INTANGIBLE ASSETS</b>		<b>Goodwill</b>			
		<b>£</b>			
<b>Group</b>					
Cost at 1 April 2013 and 31 March 2014		5,336			
Amortisation at 1 April 2013		5,336			
Charge for year		-			
At 31 March 2014		5,336			
Net Book Value					
At 31 March 2014		-			
At 31 March 2013		-			
<b>9. TANGIBLE ASSETS</b>		<b>Heritable</b>	<b>Equipment</b>	<b>Motor</b>	
		<b>Property</b>	<b>&amp; Fittings</b>	<b>Cars</b>	<b>Total</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Group</b>					
Cost at 1 April 2013		479,218	111,062	127,010	717,290
Additions		-	1,409	-	1,409
Disposals		-	(23,894)	(17,905)	(41,799)
At 31 March 2014		479,218	88,577	109,105	676,900
Depreciation at 1 April 2013		-	98,621	35,541	134,162
Charge for year		-	6,832	28,192	35,024
On disposals		-	(23,859)	(9,326)	(33,185)
At 31 March 2014		-	81,594	54,407	136,001
Net Book Value					
At 31 March 2014		479,218	6,983	54,698	540,899
At 31 March 2013		479,218	12,441	91,469	583,128
<b>Association</b>					
Cost at 1 April 2013		479,218	56,479	109,105	644,802
Additions		-	1,409	-	1,409
Disposals		-	(23,894)	-	(23,894)
At 31 March 2014		479,218	33,994	109,105	622,317
Depreciation at 1 April 2013		-	46,071	30,319	76,390
Charge for year		-	5,004	24,089	29,093
On disposals		-	(23,859)	-	(23,859)
At 31 March 2014		-	27,216	54,408	81,624
Net Book Value					
At 31 March 2014		479,218	6,778	54,697	540,693
At 31 March 2013		479,218	10,408	78,786	568,412

#### **CAPITAL COMMITMENTS**

As at 31 March 2014, capital expenditure contracted for but not provided in the accounts amounted to £35,000 (2013: £nil)

The Scottish Motor Trade Association Limited

10. INVESTMENTS HELD AS FIXED ASSETS

Shares in  
Subsidiary  
Companies  
£

Association

Cost at 1 April 2013 and 31 March 2014

797,556

11. INVESTMENTS HELD AS CURRENT ASSETS

	2014	Group	Association	
	£	2013	2014	2013
	£	£	£	£
Listed investments at market value:				
At 1 April 2013	453,937	415,481	-	-
Additions	9,996	8,680	-	-
Unrealised gains	8,543	34,745	-	-
Disposals	-	(4,969)	-	-
At 31 March 2014	472,476	453,937	-	-
Listed investments at cost	423,857	413,861	-	-

12. DEBTORS

Trade debtors	184,470	150,218	18,573	19,233
Prepayments and accrued income	223,696	206,107	197,017	191,313
Amounts due from subsidiary companies	-	-	31,276	33,105
Other debtors	15,279	9,485	15,143	9,485
	423,445	365,810	262,009	253,136



**13. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	Group		Association	
	2014	2013	2014	2013
	£	£	£	£
Trade creditors	301,645	291,265	82,159	82,862
Corporation tax	-	6,607	-	-
Other taxation and social security	13,055	20,988	10,652	16,852
Amount due to subsidiary companies	-	-	1,020,564	396,498
Other creditors	251,436	131,340	5,773	16,993
Accruals and deferred income	130,122	125,878	111,964	108,952
	<u>696,258</u>	<u>576,078</u>	<u>1,231,112</u>	<u>632,157</u>

**14. STATEMENT OF MOVEMENT ON RESERVES**

**ACCUMULATED SURPLUS**

Balance at 1 April 2013	2,309,899	2,280,306	1,008,997	1,010,514
(Deficit)/surplus in the year	(18,270)	29,693	(103,759)	(1,517)
Balance at 31 March 2014	<u>2,291,629</u>	<u>2,309,899</u>	<u>905,238</u>	<u>1,008,997</u>

**15. DEFICIT OF THE ASSOCIATION**

As permitted by Section 408 of the Companies Act 2006, the income and expenditure account of the parent company is not presented as part of these accounts. The parent company's deficit for the year amounted to £103,759 (2013 : £1,517).