

NOTICE REGARDING INCORPORATED
EMPLOYERS' ASSOCIATIONS
ANNUAL RETURNS

It has long been the custom of the Certification Officer to allow incorporated employers' associations to submit to him a copy of their accounts (financial statements) prepared under the Companies Act, in lieu of completing certain parts of the AR27 form. This has been allowed in order to ease the administrative burden on such organisations, as far as is consistent with the law.

The return which you are viewing is that of an incorporated employers' association, and therefore, comprises of both a partially completed AR27 form and financial statements. With regard to the AR27 form itself, the Certification Officer has only required the mandatory completion of pages 1,2, 10,11,12,13,14 and 15 and it is these pages which you will find included in this document: the pages which the Certification Officer has not required the completion of (i.e. those left blank) have not been included.

13 AUG 2012

DO NOT STAPLE
PRINT ON ONE SIDE ONLY

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
22nd 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

John Park
Certified a True Copy
of the Original

(Revised February 2011)

CERTIFICATION OFFICE
FOR TRADE UNIONS
& EMPLOYERS' ASSOCIATIONS
15 AUG 2012
RECEIVED

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
779	8			787

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
Director	K Schoneville		18 August 2011
Director		C A R Ramsay	29 June 2011
Director		A Campbell	29 June 2011
Director		G W Greenwood	29 June 2011

REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

Previous Year		£	£
	INCOME		
	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)		
	TOTAL INCOME		
	EXPENDITURE		
	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		
	TOTAL EXPENDITURE		
	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:		£	£
Income	From members Investment income Other income (specify)		
	Total Income		
Expenditure	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	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:		£	£
Income	From members Investment income Other income (specify)		
	Total Income		
Expenditure	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	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:		£	£
Income	From members Investment income Other income (specify)		
	Total Income		
Expenditure	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	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:		£	£
Income	From members Investment income Other income (specify)		
	Total Income		
Expenditure	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	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:		£	£
Income	From members Investment income Other income (specify)		
	Total Income		
Expenditure	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	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:		£	£
Income	From members Investment income Other income (specify)		
	Total Income		
Expenditure	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	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
	£	£	£	£
COST OR VALUATION				
At start of period				
Additions during period				
Less: Disposals during period				
Less: DEPRECIATION:				
Total to end of period				
 BOOK AMOUNT at end of period				
Freehold				
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
AS BALANCE SHEET				

ANALYSIS OF INVESTMENTS

(see note 22)

		Other Funds £
QUOTED	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	
UNQUOTED	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)

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

SUMMARY SHEET

(see notes 26 to 35)

	All funds except Political Funds £	Political Funds £	Total Funds £
INCOME			
From Members	246,175		246,175
From Investments	43,968		43,968
Other Income (including increases by revaluation of assets)	1,995,172		1,995,172
Total Income	2,285,315		2,285,315
EXPENDITURE (including decreases by revaluation of assets)	2,227,857		2,227,857
Total Expenditure			
Funds at beginning of year (including reserves)	2,222,848		2,222,848
Funds at end of year (including reserves)	2,280,306		2,280,306
ASSETS			
Fixed Assets			544,495
Investment Assets			415,481
Other Assets			2,215,747
		Total Assets	3,175,723
LIABILITIES			
		Total Liabilities	895,417
NET ASSETS (Total Assets less Total Liabilities)			2,280,306

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


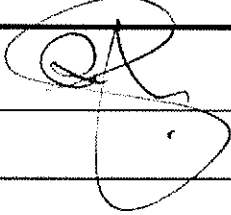
(see notes 37 and 38)

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>I GRIEVE</u>
Date: <u>8/8/12</u>	Date: <u>9/8/12</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:

Andrew Croxford

Name(s):

Andrew Croxford

Profession(s) or Calling(s):

CA

Address(es):

Thomson Cooper
3 Castle Court
Dunfermline
Fife, KY11 8PB

Date:

10/8/12

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 2012

CERTIFICATION OFFICE
FOR TRADE UNIONS
& EMPLOYERS ASSOCIATIONS
15 AUG 2012
RECEIVED



Scottish Motor Trade Association Headquarters - Palmcrislon House, South Queanberry

THE SCOTTISH MOTOR TRADE
ASSOCIATION LIMITED

Annual Report and Accounts

For the year ended
31st March 2012

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

CONTENTS

Page	
3	Notice of Meeting
4	Board of Directors
5-6	President's Message
7-10	Directors' Report and Review of the Year
11	Board of Directors of the Association
11	Association Advisors
12	Representatives on External Bodies
13	Executive Director and Senior Staff
13	Subsidiary Companies' Directors
14	Consumer Affairs' Report
15	Statement of Responsibilities of the Directors
16	Independent Auditors' Report to the Members
17	Consolidated Income and Expenditure Account
18	Consolidated Balance Sheet
19	Association Balance Sheet
20	Consolidated Cash Flow Statement
21-28	Notes to the Accounts

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 FRIDAY 22 JUNE 2012 at 12 noon.

By Order of the Board of Directors

D.R.W. Robertson
Secretary

South Queensferry, 1 June 2012

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 two Office Bearers, Vice President and Treasurer
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

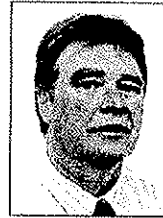
THE EXECUTIVE



PRESIDENT
I. Grieve



IMMEDIATE PAST PRESIDENT
W.A. Burgess



TREASURER
J.S. Kinghorn



CHIEF EXECUTIVE
D.R.W. Robertson

BOARD MEMBERS



ELECTED MEMBER
A. Campbell



ELECTED MEMBER
G. Gall



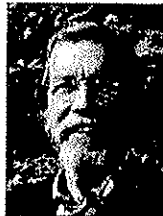
ELECTED MEMBER
G.W. Greenwood



SCOTSURE REPRESENTATIVE
A. Morrison



LAY MEMBER
M. Leonard



LAY MEMBER
C.A.R. Ramsay



LAY MEMBER
A.J.S. Smith

PRESIDENT'S MESSAGE

Summarising the past year, my first as your President, is a challenging task; no more challenging, however, than has been the survival of the businesses of many of our members. It has been for many the most difficult year in living memory. Lack of footfall in new car showrooms, lack of availability of quality used cars, lack of finance to buy both new and used cars – the list of problems seems never ending. Yet despite these problems I do feel, when looking back at the past year, that we are now past the worst. There have been some encouraging signs over the Spring period and I do hear of certain brands of new cars selling well. Availability of finance does seem to be improving, albeit much too slowly for our liking, and some of our auction members are reporting a greater availability of used cars in the past couple of months.

Since our last Annual Report, Douglas Robertson our Chief Executive, has taken a seat on the National Franchised Dealers Association (NFDA) Executive and I am pleased to note that this has seen enhanced reporting to our franchised dealer members. To my mind it remains essential that we work closely with the NFDA in all matters regarding the representation of franchises to both Whitehall and Brussels. By attending these NFDA meetings we have access to all up to date reporting on negotiations regarding the proposed changes to Block Exemption coming in 2013. I have to say that much of the lobbying does, at this stage, appear to be falling on deaf ears in Brussels as there seems little prospect of reversing the changes being proposed by the European Commission. They seem determined to return to the days of the manufacturer holding the balance of power over their franchisees, a position which I find quite remarkable and unjustifiable. However, the lobbying will continue and it is hoped that some diminution in the manufacturers proposed powers will be achieved by next year.

Much of the year under review was spent under the "threat" of a decrease in the frequency of the MOT tests. The former Minister of Transport, Philip Hammond, had issued this concept as part of what he saw as a reduction in red tape. Despite opposition from not only the motor trade but also almost every motoring organisation, consumer organisation and road safety group, Mr Hammond proved himself to be remarkably intransigent and the SMTA staff together with their colleagues from other trade associations had to spend much time lobbying at Holyrood and Whitehall in an attempt to influence the

final decision. Fortunately Mr Hammond was moved to the Defence Department in a government reshuffle following the resignation of Liam Fox and his successor, Justine Greening, quickly announced that there would be no change in the testing frequency. Whilst common sense was seen to prevail in the end, I have to pay tribute to the SMTA staff and the staff of our sister associations who played such a large part in bringing about this decision. As was indicated by my predecessor Sandy Burgess in last year's Annual Report, we actually sought an increase in the frequency of some testing (light vans and high mileage vehicles) but accepted Ms Greening's decision; we will save the fight for an increase in testing for another day!

At the same time as this decision was announced Ms Greening announced that she wished to review the customer experience for consumers both when having their cars MOT tested and in general servicing at garages. She asked the Motorists Forum to carry out this review and I am pleased that David Innes from the SMTA staff was asked to sit on this Review Group, a reflection I believe of the regard for the SMTA within government circles. It is, at this stage, a little difficult to see what recommendations the Forum will present; however, it is good to continue to be involved in such discussions on your behalf.

As many of you will know there has been considerable talk of membership of a Code of Practice being part of a new regime "regulating" the retail motor trade. The SMTA Board has discussed this matter at length at almost every Board Meeting in the past year and we remain of the opinion that membership of a Code of Practice should be voluntary. We would not approve of membership of a Code of Practice (operated by a private company) being a condition of, for example, being approved to run an MOT station, and we would oppose such a concept vigorously. Specifically we have heard that there may be such a proposal put forward regarding the Motor Codes Code of Practice for Servicing and Repair. Having said that we introduced in the early part of 2012 a new Code of Conduct by which all members are bound. However, what it does reflect is good business practice and a common sense approach to customer relationships. We believe that through its brevity it is capable of covering the practices of all member businesses.

We have also heard in the past year of the DVLA proposals to "Transform their Services" and we have responded to the Consultation

Paper produced by HM Government promoting these proposals. Staff members have, so far, attended three consultation meetings with the DVLA expressing the views of the SMTA members we consulted. There is no doubt that the DVLA is proposing major changes in the way it serves its customers – closure of all 37 Local Vehicle Licensing Offices; enhancing the availability of services provided by local intermediaries (currently the Post Office); increasing the number of such intermediaries and putting the cherished transfer system online! There is no doubt that an online cherished transfer system would be most welcome but I am not so sure about the changes being proposed to the AFRL system with tax discs no longer being held and printed by the selling dealers. To me VOSA's proposal to post tax discs from their centralised headquarters in Swansea is fraught with potential problems and can only cause some heartache for dealers. A rethink here may be necessary.

Scotsure MBI has once again had a difficult year but it does, nevertheless, remain at the forefront of the warranty industry in Scotland. Structural changes within that company were made in May of last year as part of the Strategic Review of our Group businesses carried out in the early part of 2011, and these changes have been reflected in improved profitability of the company. Whilst it has to be admitted that longer manufacturer warranty periods are reducing the market for companies such as Scotsure, we remain satisfied that there is a considerable market that still needs to be serviced and our Scotsure staff are dedicated to ensuring that the company remains a very viable proposition.

I am pleased to note that SMTA (Trading Partners) Ltd has seen an increase in turnover of over 30% in the past twelve months and is providing a satisfactory contribution to the Association; however, I remain slightly perplexed at the lack of members utilising its services and benefits. Membership of Trading Partners has increased in the past year and I am pleased at that; however, with margins being so tight in our businesses I would have thought that more members would look at our buying group and take advantage of the financial benefits it offers.

Over the past twelve months we have continued to expand our range of services and benefits provided to members. Some of these new benefits have been very well received and some not so; however we will continue to monitor these and seek to improve our contribution to our members' businesses. I am pleased to note that membership levels have been very consistent over the past 4-5 years and that 2011-12 was no different with only a marginal reduction of just over 1% in the year. In a declining market this remains a good performance.

At our Annual General Meeting in June of 2011 there were several changes to the SMTA Board of Directors. Drew Ramsay, Graham Greenwood and Alex Campbell all joined the Board and Sandy Burgess stood down as President after five years in that position. It would be remiss of me not to thank Sandy for his untiring stint as President and I am delighted that he remains on the Board as Immediate Past President thereby ensuring that we have the continuity required for a trade association like ourselves. Having said that, the contribution made to the Board by the new members over the past twelve months has been invaluable and I am sure that their input to our discussions has opened up our thinking in many ways. I would also like to pay tribute to Ken Schoneville who felt it necessary to resign during the year to give more time to his own business activities.

Looking to the future, and as a continuing part of the Strategic Review referred to previously, we are proposing to increase our staff numbers in the next few months with the appointment of a Business Development Manager whose function will be to increase the marketing of our services and benefits to current members of the Association and also to increase our penetration of the non-members market. This will be a senior position within the Association and the appointment is being made with an eye on the long term future of the SMTA.

Finally I would also like to pay tribute to the work carried out by my fellow Board Members and by our Chief Executive Douglas Robertson and his staff. It is only since joining the SMTA Board and indeed since becoming President that I have been able to appreciate fully the amount of work that Douglas and the staff carry out. Their aim, as is mine, is to serve the members and to satisfy all that you, as members, need from your trade association.

The SMTA is and will remain, member owned, member led and member driven. It is your Association.

IAN GRIEVE
President

23 May 2012

DIRECTORS' REPORT AND REVIEW OF THE YEAR

DIRECTORS' REPORT

The Directors report a Group Surplus after tax of £57,458 on a Group Operating Income of £2,241,347.

The surplus for the year has been achieved following an internal restructuring after last year's disappointing performance of one of our main subsidiary companies, Scotsure MBI Ltd. In partnership with Scotsure's underwriters, Cardif Pinnacle, we successfully revised the company's pricing structure and this, together with other restructuring steps taken, has resulted in an improved performance in the year under review. The past year also saw SMTA (Trading Partners) Ltd struggle to continue its expansion in terms of membership numbers. Nevertheless, the company has produced a surplus in line with that projected in the Annual Budget. The Association itself has continued to provide an acceptable level of services and benefits to all members and has once again produced an acceptable surplus for the year.

During the year Scotsure Insurance Company Ltd fulfilled all its obligations to outstanding policyholders and, as that company had little income during the year, a deficit was recorded. However, it was in line with expectations and the year 2012-13 should see its deregistering as an insurance company with the Financial Services Authority (FSA) and become a non-trading subsidiary.

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 and to re-organise the staffing structure of the 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 below.

RESPONSIBILITIES OF DIRECTORS

The Directors who served during the year are set out on Page 11.

The responsibilities of the Directors of the Group in respect of the preparation of the financial statements are included on Page 15.

REVIEW OF THE YEAR

The Board of Directors of the Association is pleased to present their review of the past twelve months.

SMTA

The year under review has seen the Association return a surplus. This has been achieved despite the pressures of the recession and the slight drop in membership together with our maintaining of close controls over our expenditure. In last year's Report we advised of our move from the Royal Bank of Scotland to the Co-operative bank. In itself this has saved the Group several thousand pounds in fees and interest. Excellent management of our cash flow has ensured very little use of our negotiated overdraft facilities.

As mentioned above membership numbers during the last twelve months decreased but only by just over 1%. Your Board is satisfied that this remains an acceptable level of membership in a market much reduced through closures and consolidations. We are, however, looking for an increase in the current year and look forward to reporting next year on the success of our membership campaign. We remain confident that the Association, in both numerical and practical terms, truly represents the retail motor trade in Scotland and as such we are recognised as the representatives by both Whitehall and Holyrood.

During the year under review we made strenuous efforts to maintain and improve the quality of services we offer and we are happy that the feedback from members appears to confirm that we have achieved our aim though these are kept under constant review.

In the latter part of 2010 your Board embarked on a Strategic Review of the group's operations and, as a consequence, now has both a two year and five year plan to follow. Whilst parts of this have already been implemented and will be described later, the appointment of a Business Development Manager/Director Designate (BDM) is seen by your Board as being one of the most important appointments made in recent years. The appointment will be made by early September of this year and will see the Group becoming much more proactive in the marketing of the services and benefits that we provide. The BDM will take responsibility for the marketing of these services to members and non members and it is anticipated that this should see the major part of our Strategic Review being completed over the next two years.

This appointment will also be the acknowledgement that historically the SMTA has not been overly successful in marketing our services and benefits to members and non members and that the Board is taking positive steps to remedy this.

SCOTSURE INSURANCE CO LTD/ SCOTSURE MBI LTD

Scotsure Insurance Company Ltd has continued in 2011-12 to trade but only in paying claims from policies sold by it. By December 2011 we had finally settled, by replacement or repayment of premium, all of the company's outstanding policies and an application to the Financial Services Authority (FSA) to cancel the company's permission to trade as a general insurance company has now been made. Once this permission is granted we will apply to de-register the business from the FSA and the company will become dormant. It is anticipated that this will be achieved by the end of September 2012 at which time the assets held within Scotsure Insurance Company will be available for release to the Group. This release of assets will allow the Group to reduce greatly our bank borrowings and will also allow us to invest in further expansion of the Group's business if so desired.

Scotsure MBI Ltd has had a very challenging year. Following a very poor 2010-11 some restructuring of the sales team was carried out as part of the Strategic Review referred to above. Sadly, whilst this meant a couple of redundancies within the sales team, the business has recovered remarkably well since

these changes were made and the MBI Board under the chairmanship of John Chessor is pleased to report a return to profit following the heavy losses of the previous year. This, however, does not mean that all the company's problems are resolved as we still require an increase in the number of policies sold on an annual basis to maintain the company's position in the market. We would encourage all members of the SMTA who sell used cars to look at what Scotsure MBI can offer by way of warranty policies and to compare the policies with their current users. Selling warranty can and should be a further profit centre for members.

SMTA (Trading Partners) LTD

The business of SMTA (Trading Partners) Ltd has continued to expand over the past twelve months and its Board, under the chairmanship of Stuart Kinghorn, is again pleased at its performance and contribution to the running costs of the SMTA. Whilst the number of members signed up to using Trading Partners has increased only marginally in the past year, the company's turnover has increased by 30.5% a sign we believe of the value placed upon its buying power by the participating members. Improved trading terms with our major suppliers has also added value to participating members' businesses.

It is intended in the coming year to focus much more on increasing member participation in Trading Partners as we foresee its expansion as one of the main areas of growth in future years. We also note that whilst independent members make up the majority of the participating members, we must make increased efforts to satisfy franchised members that participation in Trading Partners can also be of benefit to their businesses. We further note, as evidence of this, that those franchise members who have joined Trading Partners all remain as participating members. As mentioned earlier in this Report we remain aware that communicating what we have to offer is not as good as it should be and again every effort will be made to improve on this.

However, 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.

TRAINING

It is pleasing to advise you that once again our Apprentice Training Division remains at the forefront of the motor industry training in Scotland. The financial contribution from this source remained satisfactory; however, looking ahead the Board felt that this may see an overall reduction in future years and decided to invite submissions from interested parties to carry out the contracted part of our training programme with Skills Development Scotland (SDS). With effect from last month this saw the administration function with SDS for the majority of our trainees being transferred to GTG Ltd in Glasgow. Whilst such a major change can often cause problems, we are pleased to report that the transfer of the administration function from LAGTA to GTG has gone smoothly and we anticipate that the savings which will be made will ensure the continued satisfactory contribution from our Apprentice Training Division.

Happily our relationship with our other service providers (the colleges) remains strong and we have increased the number of colleges with whom we have an operational relationship. It is felt that this increase in numbers bodes well for any increase in trainee numbers in the coming year as it offers employers more choice about where their apprentices receive their "off the job" training.

SERVICES

We are pleased to report once again that member usage of the services we provide, both free and chargeable, has increased in the past year. As previously stated, however, we are not satisfied that we communicate these effectively enough to our members and steps are being taken to resolve this problem area for us. It is hoped by your Board that members will welcome a higher profile for their trade association.

The provision of motor trade insurance by Giles Insurance Brokers remains at the forefront of the services we provide as the number of member users of this service increases. Similarly our Employment Law advisory service has seen a further increase in its usage, perhaps not surprisingly in these challenging times. At the same time our service providing Contracts of Employment has seen increased usage though we remain somewhat surprised at the number of

members who, by not providing their members of staff with such contracts, remain in breach of the law.

As in previous years our MOT QC remains highly regarded throughout the industry and we would recommend that members participate in this "peace of mind" scheme. In comparison with prices charged in the open marketplace, the SMTA MOT QC service is very competitive. On the MOT side of our business we played a large part in convincing the Secretary of State for Transport, Justine Greening, to retain the current 3-1-1 frequency of testing, both as an individual trade association and through our working membership of the MOT Trade Forum. Our specialist MOT staff are held in very high regard by VOSA and this is often reflected in the number of times we meet with and are consulted by VOSA staff, often on a one-to-one basis with no other trade associations invited.

During the past year we have maintained our normal links with the DVLA, the Department for Transport and also with the OFT with whom we regularly meet to discuss and advise on motor trade matters and consumer affairs.

SCOTTISH MOTOR SHOW

The Scottish Motor Show ran again in 2011 at the Knockhill Racing Circuit in Fife in conjunction with their Motorfair. Poor weather undoubtedly affected the attendances and, whilst many dealers and manufacturers attended the Show with over 25 different marques represented there was some disappointment at the failure of some major marques to be properly represented.

Whilst we are committed to continuing with running the Motor Show in conjunction with Knockhill's Motorfair in June 2012, we are looking once again at the longer term future of the Show and will be investigating alternative venues for 2013. Your Board does, however, appreciate the continuing vulnerability of Motor Shows as can be seen by the reducing number of Shows held globally; nevertheless we will continue to monitor the situation and are looking at the possibility of localised smaller Shows to help our franchised members increase public awareness of what is available in the new vehicle market.

CONCLUSION

Your Board is pleased at the results produced in the past year. However, we are equally pleased at the continuing involvement we have with government bodies both at Holyrood and Whitehall on your behalf and at the results we achieve. It has been acknowledged throughout the retail motor industry that the UK trade associations did an excellent job in presenting reasons to the Department for Transport for not reducing the frequency of MOT testing. It is, however, frustrating for the SMTA that such efforts put in on your behalf also benefit the non-members of the Association who run MOT stations. Equally, it is frustrating to see non-members on the franchise side also benefit from the work we carry out in Whitehall and Brussels with the National Franchised Dealer Association. It is, however, our job to remedy that and the current year will see a much higher profile for the SMTA within the Scottish retail motor industry sector. As we develop our business within the trade, we will also be developing further contacts within the press and media looking to add value to your business by your having the SMTA sign on your premises; by having the SMTA Code of Conduct displayed in your reception areas and by having the SMTA logo on your letterheads and invoices.

Our "raison d'être" since 1903 has been to "promote, protect and encourage" our members' businesses. As we, hopefully, start to move slowly out of the recession your Board is determined to ensure that we ensure that being a member of the SMTA starts to mean more to you and your business through the promotion to consumers of the value of dealing with an SMTA member – franchised or independent.

With an increase in staff numbers already planned for the current year we anticipate an increase in our activities on your behalf on the representational front; we anticipate an increase in the services and benefits on offer and we anticipate an increase in membership of the Association.

The past year has been difficult for the Association but your Board believes it has

been a successful year for the SMTA not only in carrying out our representational duties but also on the financial front with considerably improved financial results over last year. 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 motor industry in Scotland.

On behalf of the Board

DOUGLAS ROBERTSON
Chief Executive

23 May 2012

ASSOCIATION BOARD OF DIRECTORS

I. Grieve (Chairman)

J.S. Kinghorn (Treasurer)

W. A. Burgess

A.J.S. Smith

G. Gall

M. Leonard

A. Morrison

C.A.R. Ramsay (appointed 29.06.11)

A. Campbell (appointed 29.06.11)

G.W. Greenwood (appointed 29.06.11)

D.R.W. Robertson

K. Schoneville (resigned 18.08.11)

Ian Grieve (Falkirk), Falkirk

Mansfield Motors, Hawick

ANZ Automotive, Stranraer

Adrian Smith Motors, Aberdeen

Arnold Clark Automobiles, Glasgow

The Lawton Motor Co, Dundee

Morrisons Land Rover, Stirling

Haddington

North Road Garage, Kelty

Newmarket Garage, Bannockburn

SMTA, South Queensferry

Schoneville SAAB, Glasgow

ASSOCIATION ADVISORS

AUDITORS

Thomson Cooper, 3 Castle Court, Carnegie Campus,
Dunfermline, Fife, KY11 8PB

BANKERS

The Co-operative Bank plc, 96 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

LEGAL ADVISORS

Anderson Strathern LLP, 1 Rutland Court, Edinburgh, EH3 8EY

INSURANCE BROKERS

Giles Insurance Brokers Ltd, 7th floor Spectrum Building, 55 Blythswood
Street, Glasgow G2 7AT

REPRESENTATIVES ON EXTERNAL BODIES

RETAIL MOTOR INDUSTRY FEDERATION

NFDA Executive Committee

D.R.W. Robertson

IMI

Scottish Employers Forum

A.J.S. Smith (Chairman)
D.R.W. Robertson

BEN SCOTLAND

Committee

D.R.W. Robertson
R.P. Halley
A. Wood
K. Thompson

OTHER BODIES

DVLA Industry Liaison Group
AIRC – European Charter
VOSA MOT Working Party
HM Revenue & Customs
MOT Trade Forum
DFT Industry Liaison Group
Health and Safety Executive

D. Innes
D.R.W. Robertson
D. Innes
D.R.W. Robertson
D. Innes
D. Innes / D.R.W. Robertson
D. Innes

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
Northern Area Manager	D. Pope
Finance / Administration Manager	M. Gaynor

SUBSIDIARY COMPANIES

SCOTSURE INSURANCE COMPANY LIMITED

Board of Directors

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

Senior Staff

Operations Manager	D. McLennan
--------------------	-------------

THE SCOTTISH MOTOR SHOW LIMITED

Board of Directors

Chairman	I. Grieve (appointed 29.06.11)
Chief Executive & Company Secretary	D.R.W. Robertson
	W.A. Burgess (resigned 29.06.11)
	A.J.S. Smith

SCOTSURE MBI LIMITED

Board of Directors

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

SMTA (TRADING PARTNERS) LIMITED

Board of Directors

Chairman	J.S. Kinghorn
Chief Executive & Company Secretary	D.R.W. Robertson
	I. Grieve (appointed 29.06.11)
	D. Innes
	W. A. Burgess (resigned 29.06.11)

ANDSTRAT (No 288) LIMITED

Board of Directors

Chief Executive & Company Secretary	D.R.W. Robertson
	I. Grieve (appointed 29.06.11)
	W. A. Burgess (resigned 29.06.11)

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 2011-12.

	%	2011/12	%	2010/11
TOTAL COMPLAINT ENQUIRIES RECEIVED		332		287
Less resolved by telephone advice or by company prior to Committee including referrals to other bodies	96.1	319	95.8	276
FORMAL COMPLAINTS REGISTERED and CONSIDERED BY COMMITTEE		13		12
Resolved for complainant	23.1	3	16.7	2
Resolved for member company	76.9	10	83.3	10
		13		12
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)

STATEMENT OF RESPONSIBILITIES OF THE DIRECTORS

STATEMENT OF RESPONSIBILITIES OF THE DIRECTORS OF THE SCOTTISH MOTOR TRADE ASSOCIATION LIMITED IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS

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

D R W ROBERTSON

Director

23 May 2012

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 Limited for the year ended 31 March 2012 which comprise the consolidated income and expenditure account, the balance sheets, the consolidated cash flow statement and the related notes 1 to 21. 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 15, 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/apb/scope/private.cfm.

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 2012 and of the group's surplus 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 directors' report and 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

31 May 2012

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2012	Notes	2012 Continuing Operations £	2011 Continuing Operations £
Operating Income	3	2,241,347	1,915,841
Employment Costs	3,4	(433,864)	(492,157)
Other Operating Charges	3,5	(1,745,015)	(1,553,827)
		<hr/>	<hr/>
OPERATING SURPLUS/(DEFICIT)	3	62,468	(130,143)
Net Surplus from Investments and Similar Income	6	6,715	27,021
		<hr/>	<hr/>
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		69,183	(103,122)
Tax Charge on Surplus/(Deficit) on Ordinary Activities	7	(11,725)	18,495
		<hr/>	<hr/>
SURPLUS/(DEFICIT) FOR THE YEAR	15	57,458	(84,627)
		<hr/> <hr/>	<hr/> <hr/>

The statement of movement on reserves is shown in note 15.

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

CONSOLIDATED BALANCE SHEET

31 MARCH 2012	Notes	2012 £	2011 £
FIXED ASSETS			
Intangible assets	8	1,068	2,135
Tangible assets	9	543,427	581,868
		544,495	584,003
CURRENT ASSETS			
Investments	11	415,481	733,040
Debtors	12	359,031	347,340
Cash at bank and in hand		1,856,716	1,602,871
		2,631,228	2,683,251
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Other creditors	13	895,417	1,034,764
Unearned premiums			7,033
		895,417	1,041,797
NET CURRENT ASSETS		1,735,811	1,641,454
TOTAL ASSETS LESS CURRENT LIABILITIES		2,280,306	2,225,457
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	14		2,609
		2,280,306	2,222,848
ACCUMULATED SURPLUS	15	2,280,306	2,222,848

These financial statements were approved by the Board of Directors of the Association on 23 May 2012.

Signed on behalf of the Board of Directors

I. GRIEVE
President

D.R.W. ROBERTSON
Chief Executive

Company Registration No. SC005898

ASSOCIATION BALANCE SHEET

31 MARCH 2012	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	9	518,211	541,511
Investments	10	797,556	797,556
		<u>1,315,767</u>	<u>1,339,067</u>
CURRENT ASSETS			
Debtors	12	208,114	187,261
Cash at Bank		846	536
		<u>208,960</u>	<u>187,797</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Bank overdraft	13	288,381	313,621
Sundry creditors	13	225,832	233,769
		<u>514,213</u>	<u>547,390</u>
NET CURRENT LIABILITIES		<u>(305,253)</u>	<u>(359,593)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,010,514</u>	<u>979,474</u>
ACCUMULATED SURPLUS	15	<u>1,010,514</u>	<u>979,474</u>

These financial statements were approved by the Board of Directors of the Association on 23 May 2012.

Signed on behalf of the Board of Directors

I. GRIEVE
President

D.R.W. ROBERTSON
Chief Executive

Company Registration No. SC005898

CONSOLIDATED CASH FLOW STATEMENT

31 MARCH 2012	Notes	2012 £	2011 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	19	(59,918)	58,153
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest received	8,014	4,200	
Interest Paid	(9,109)	(11,608)	
Dividends received	35,694	51,516	
Net cash inflow from returns on investments and servicing of finance		34,599	44,108
TAXATION			
Corporation tax repaid/(paid)		18,144	(27,785)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Receipts from sales of tangible fixed assets	14,300	10,792	
Payments to acquire tangible fixed assets	(20,455)	(52,479)	
		(6,155)	(41,687)
NET CASH (OUTFLOW)/INFLOW BEFORE USE OF LIQUID RESOURCES		(13,330)	32,789
MANAGEMENT OF LIQUID RESOURCES			
Payments to acquire current asset investments	(7,585)	(6,712)	
Receipts from sales of current asset investments	300,000	320,000	
		292,415	313,288
INCREASE IN CASH	20,21	279,085	346,077

NOTES TO THE ACCOUNTS

31 MARCH 2012

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 11 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 2012.

(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.

(i) INSURANCE COMPANY INCOME AND EXPENDITURE

Provision is made for unearned premiums, outstanding claims, and deferred costs. Unearned premiums are calculated on a monthly time-apportionment basis. Provision for outstanding claims is made on the basis of available information for the full estimated cost of claims notified but not settled, and claims incurred but not reported at the year end. Deferred costs are time-apportioned on the same basis as unearned premiums. Premiums written are disclosed net of commission payable to dealers.

3. ANALYSIS OF ACTIVITY	Services to Members £	Trading Partners £	Scotsure MBI £	Scotsure Insurance £	Group 2012 £	Group 2011 £
Operating Income						
Annual Subscriptions	245,925	250	-	-	246,175	238,458
Training and seminars	471,142	-	-	-	471,142	441,581
Administration fees	-	-	222,085	-	222,085	225,702
Earned premiums & commissions	-	34,414	-	(2,099)	32,315	48,411
Members recharges	-	1,204,135	-	-	1,204,135	921,943
Management Charges (note 5)	30,000	-	-	-	30,000	79,735
Other Income	56,640	-	8,855	-	65,495	39,746
	803,707	1,238,799	230,940	(2,099)	2,271,347	1,995,576
Elimination of Group Management Charges					(30,000)	(79,735)
					2,241,347	1,915,841
Employment Costs (note 4)	291,451	-	103,673	38,740	433,864	492,157
Other Operating Charges (note 5)	459,679	1,238,708	75,511	1,117	1,775,015	1,633,562
Elimination of Group Management Charges					30,000	79,735
					1,745,015	1,553,827
	(751,130)	(1,238,708)	(179,184)	(39,857)	(2,178,879)	(2,045,984)
Operating surplus/(deficit) - 2012	52,577	91	51,756	(41,956)	62,468	
Operating surplus/(deficit) - 2011	16,360	876	(55,844)	(91,535)		(130,143)

All operating income is generated in the UK

4. EMPLOYMENT COSTS	2012 £	2011 £
Salaries	352,874	404,383
Social Security Costs	40,361	44,849
Pension Fund Contributions	40,629	42,925
	433,864	492,157
The average weekly number employed by the Group within each category of person was:	No	No
Administration	12	14
Directors' Emoluments	£	£
Emoluments of executive directors	79,099	78,662
Contributions to group personal pension scheme on behalf of one director (2011 : one)	14,207	14,207

No fees were paid to Non Executive Directors during the year (2011 - £6,000)

5. OTHER OPERATING CHARGES

	2012 £	2011 £
Total expenditure of £1,775,015 (2011: £1,633,562) includes:-		
Depreciation of tangible assests	43,519	51,944
Amortisation of intangible assests	1,067	1,067
Loss/(gain) on sale of tangible fixed assets	1,077	(4,961)
Travel and meeting expenses	12,874	11,025
Special meetings and functions	8,289	4,687
RMI affiliation fee	16,242	15,674
Management charges - (note 3)		
Scotsure Insurance Co Limited	-	16,667
Scotsure MBI Limited	-	41,068
SMTA (Trading Partners) Limited	30,000	22,000
	<u> </u>	<u> </u>
<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 £6,000; 2011 £5,800)	12,750	12,300
Fees payable to the group's auditor for other services:		
- tax services	1,700	1,200
- audit of FSA Return	1,200	1,200
- other	-	300
	<u> </u>	<u> </u>
	15,650	15,000
	<u> </u>	<u> </u>

6. NET SURPLUS FROM INVESTMENTS AND SIMILAR INCOME

Listed investments	35,694	51,516
Bank Interest payable	(12,109)	(11,608)
Bank interest receivable	8,274	4,523
	<u> </u>	<u> </u>
	31,859	44,431
Unrealised loss on investments	(7,135)	(5,982)
Realised loss on investments	(18,009)	(11,428)
	<u> </u>	<u> </u>
	6,715	27,021
	<u> </u>	<u> </u>

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

<i>Current Taxation</i>		
UK corporation tax	11,725	(17,624)
Adjustments in respect of prior periods	-	(871)
	<u> </u>	<u> </u>
Tax on surplus/(deficit) on ordinary activities	11,725	(18,495)
	<u> </u>	<u> </u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 20% (2011 : 21%). The actual tax charge for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation.

Surplus/(deficit) on Ordinary Activities Before Tax	69,183	(103,122)
	<u> </u>	<u> </u>
Tax on surplus/(deficit) on ordinary activities at standard rate	13,837	(21,656)
Factors affecting charge for the period:		
Prior period adjustments	-	(871)
Non taxable income	(1,539)	(1,421)
Depreciation in excess of capital allowances	4,792	5,624
Losses brought forward	(6,053)	-
Other tax adjustments	688	(171)
	<u> </u>	<u> </u>
Total actual amount of current tax	11,725	(18,495)
	<u> </u>	<u> </u>

8. INTANGIBLE ASSETS	Goodwill £
Group	
Cost at 1 April 2011 and 31 March 2012	5,336
Amortisation at 1 April 2011	3,201
Charge for year	1,067
At 31 March 2012	4,268
Net Book Value	
At 31 March 2012	1,068
At 31 March 2011	2,135

9. TANGIBLE ASSETS	Heritable Property £	Equipment & Fittings £	Motor Cars £	Total £
Group				
Cost at 1 April 2011	445,283	157,680	116,501	719,464
Additions	-	2,550	17,905	20,455
Disposals	-	(24,235)	(41,555)	(65,790)
At 31 March 2012	445,283	135,995	92,851	674,129
Depreciation at 1 April 2011	-	88,869	48,727	137,596
Charge for year	-	23,625	19,894	43,519
On disposals	-	(24,235)	(26,178)	(50,413)
At 31 March 2012	-	88,259	42,443	130,702
Net Book Value				
At 31 March 2012	445,283	47,736	50,408	543,427
At 31 March 2011	445,283	68,811	67,774	581,868
Association				
Cost at 1 April 2011	445,283	79,695	78,191	603,169
Transfer from subsidiary company	-	-	12,750	12,750
Additions	-	1,717	-	1,717
Disposals	-	-	(15,995)	(15,995)
At 31 March 2012	445,283	81,412	74,946	601,641
Depreciation at 1 April 2011	-	36,097	25,561	61,658
Transfer from subsidiary company	-	-	12,484	12,484
Charge for year	-	5,636	16,148	21,784
On disposals	-	-	(12,496)	(12,496)
At 31 March 2012	-	41,733	41,697	83,430
Net Book Value				
At 31 March 2012	445,283	39,679	33,249	518,211
At 31 March 2011	445,283	43,598	52,630	541,511

10. INVESTMENTS HELD AS FIXED ASSETS

	Shares in Subsidiary Companies £
Association	
Cost at 1 April 2011 and 31 March 2012	797,556

11. INVESTMENTS HELD AS CURRENT ASSETS

	Group		Association	
	2012	2011	2012	2011
	£	£	£	£
Listed investments at market value:				
At 1 April 2011	733,040	1,063,738	-	-
Additions	7,585	6,712	-	-
Unrealised losses	(7,135)	(5,982)	-	-
Disposals	(318,009)	(331,426)	-	-
	<u>415,481</u>	<u>733,040</u>	<u>-</u>	<u>-</u>
At 31 March 2012				
Listed investments at cost	<u>554,989</u>	<u>907,110</u>	<u>-</u>	<u>-</u>

In line with the stock market in general, the value of the Group's listed investments has fallen by approximately 5% between the balance sheet date and the date of approval of the financial statements.

12. DEBTORS

Trade debtors	195,346	184,097	15,937	20,034
Prepayments and accrued income	148,159	135,717	144,004	127,963
Amounts due from subsidiary companies	-	-	32,647	32,774
Corporation tax repayable	-	18,144	-	-
Other debtors	15,526	9,382	15,526	6,490
	<u>359,031</u>	<u>347,340</u>	<u>208,114</u>	<u>187,261</u>

13. OTHER CREDITORS

	2012	Group 2011	2012	Association 2011
	£	£	£	£
Bank overdraft	288,381	313,621	288,381	313,621
Trade creditors	225,500	255,530	55,507	78,849
Corporation tax	11,725	-	9,800	-
Other taxation and social security	11,151	35,690	6,993	36,536
Amount due to subsidiary companies	-	-	2,498	2,498
Other creditors	192,577	305,521	12,255	24,852
Accruals and deferred income	166,083	124,402	138,779	91,034
	<u>895,417</u>	<u>1,034,764</u>	<u>514,213</u>	<u>547,390</u>

The bank overdraft is secured on the Group's freehold property.

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

Unearned premiums	-	2,609	-	-
	<u>-</u>	<u>2,609</u>	<u>-</u>	<u>-</u>

15. STATEMENT OF MOVEMENT ON RESERVES

ACCUMULATED SURPLUS

Balance at 1 April 2011	2,222,848	2,307,475	979,474	974,676
Surplus/(deficit) in the year	57,458	(84,627)	31,040	4,798
Balance at 31 March 2012	<u>2,280,306</u>	<u>2,222,848</u>	<u>1,010,514</u>	<u>979,474</u>

16. SURPLUS OF THE PARENT COMPANY

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 surplus for the year amounted to £31,040 (2011 : surplus £4,798).

17. ADDITIONAL INFORMATION ON SUBSIDIARIES

Wholly owned subsidiary companies	Country of registration and operation	Activity	Investment	
			2012 £	2011 £
Scotsure Insurance Co. Ltd	Scotland	Sales of Mechanical Breakdown Insurance Policies	761,756	761,756
Scotsure MBI Limited	Scotland	Administration of Mechanical Breakdown Insurance Policies	25,000	25,000
SMTA (Trading Partners) Limited	Scotland	Buying group for members of The SMTA	9,800	9,800
The Scottish Motor Show Ltd	Scotland	Organisation of Motor Shows	1,000	1,000
			<u>797,556</u>	<u>797,556</u>

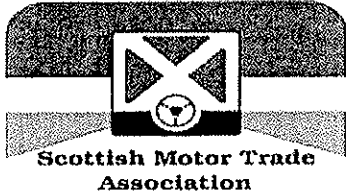
18. RELATED PARTY TRANSACTIONS

The Scottish Motor Trade Association exists to encourage, promote and protect members of the Motor Trade in Scotland. It is a members' organisation and does not consider itself to be controlled by any individual party other than to the extent to which it can be influenced by the directors.

Due to the nature of the organisation, and the composition of the Board, it is inevitable that transactions with related parties will arise. Such transactions are not disclosed when the directors are not able to exercise control over the organisations they represent.

19. RECONCILIATION OF SURPLUS/(DEFICIT)

TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	2012 £	2011 £
Operating surplus/(deficit)	62,468	(130,143)
Depreciation	43,519	51,944
Amortisation	1,067	1,067
Loss/(gain) on sale of tangible fixed assets	1,077	(4,961)
(Increase)/decrease in debtors	(29,575)	18,824
(Decrease)/increase in creditors	(128,832)	143,345
Decrease in unearned premiums	(9,642)	(21,923)
Net cash (outflow)/inflow from operating activities	<u>(59,918)</u>	<u>58,153</u>



**THE SCOTTISH MOTOR
TRADE ASSOCIATION LTD**

**CODE OF
CONDUCT**

All Members of the Association accept the following as a condition of Membership.

1. Towards Customers.

General

- a) We will conduct all transactions, not only in accordance with all statutory requirements, but in accordance with the accepted practices of the trade for the time being.
- b) We recognise that all customer complaints must be acknowledged within 72 hours (three working days) and, if unresolved, that they be referred speedily to senior management level. We will introduce and maintain an effective system to implement this principle.
- c) We will afford every customer the full facilities of the Scottish Motor Trade Association's Customer Complaints Service and, if necessary, Arbitration Service.
- d) We will co-operate fully with these services whenever called upon to do so. We will also co-operate fully with any local consumer advisers.
- e) Our Terms and Conditions of Business will be displayed within our premises and be available on request.

Servicing & Repair

- f) All prices quoted will be inclusive of VAT, where applicable, and we will agree this with you prior to commencement of the work to be carried out. Our accepted methods of payment will be made clear to you prior to the commencement of work.
 - g) We will not carry out any work in addition to that initially agreed without your express permission.
 - h) The cost of diagnostic work can be difficult to estimate. We will agree with you, wherever possible, a cost for this prior to commencement of work.
 - i) When requested, prior to commencing service or repair work, we will retain replaced parts for your inspection or examination until collection of the vehicle unless otherwise agreed.
 - j) We understand that we have a "duty of care" towards you. As a consequence we will advise you of any safety concerns regarding your vehicle that are noted by us during the agreed servicing/repair work.
 - k) Our members of staff are competent and where trainees are involved they will be supervised by a competent member of staff.
- 2. Towards Employees**
- a) We will operate working conditions and pay wages no less favourable than those agreed by the National Joint Council and will provide and encourage continuous training for staff at all levels.
- 3. Towards the Association**
- a) We will give public support to the Scottish Motor Trade Association and will participate regularly in SMTA activities by personal or delegated representation or correspondence.

Our members of staff have been made aware of this Code of Conduct and have agreed to abide by it in full.

20. ANALYSIS OF MOVEMENT IN NET FUNDS

	At 1 April 2011 £	Cash Flow £	Other Changes £	At 31 March 2012 £
Cash at bank and in hand	1,602,871	253,845	-	1,856,716
Bank overdraft	(313,621)	25,240	-	(288,381)
		<u>279,085</u>		
Current asset investments	733,040	(292,415)	(25,144)	415,481
Total	<u>2,022,290</u>	<u>(13,330)</u>	<u>(25,144)</u>	<u>1,983,816</u>

21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2012 £	2011 £
Increase in cash in year	279,085	346,077
Decrease in current asset investments	(292,415)	(313,288)
Change in market value of current asset investments	(25,144)	(17,410)
Net funds at start of year	2,022,290	2,006,911
	<u>1,983,816</u>	<u>2,022,290</u>
Net funds at end of year	<u>1,983,816</u>	<u>2,022,290</u>



Palmerston House,
10 The Loan, South Queensferry,
Edinburgh EH30 9NS

t 0131 331 5510
f 0131 331 4296
www.smta.co.uk

