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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
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

CERTIFICATION OFFICE
FOR TRADE UNIONS
& EMPLOYERS' ASSOCIATIONS
- 1 FEB 2016
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
918	1			919

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

RECEIVED
10/10/10

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

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)	

BALANCE SHEET AS AT []

(see notes 19 and 20)

Previous Year		£	£
	Fixed Assets (as at page 11)		
	Investments (as per analysis on page 13)		
	Quoted (Market value £)		
	Unquoted		
	Total Investments		
	Other Assets		
	Sundry debtors		
	Cash at bank and in hand		
	Stocks of goods		
	Others (specify)		
	Total of other		
	assets		
	TOTAL ASSETS		
	Fund (Account)		
	Fund (Account)		
	Fund (Account)		
	Revaluation Reserve		
	Liabilities		
	Loans		
	Bank overdraft		
	Tax payable		
	Sundry creditors		
	Accrued expenses		
	Provisions		
	Other liabilities		
	TOTAL LIABILITIES		
	TOTAL ASSETS		

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	274,145		274,145
From Investments	25,404		25,404
Other Income (including increases by revaluation of assets)	1,964,329		1,964,329
Total Income	2,263,878		2,263,878
EXPENDITURE (including decreases by revaluation of assets)	2,294,146		2,294,146
Total Expenditure			
Funds at beginning of year (including reserves)	2,291,629		2,291,629
Funds at end of year (including reserves)	2,261,361		2,261,361
ASSETS			
Fixed Assets			571,496
Investment Assets			487,738
Other Assets			1,819,748
		Total Assets	2,878,982
LIABILITIES		Total Liabilities	617,621
NET ASSETS (Total Assets less Total Liabilities)			2,261,361

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: 	President's Signature: 
Name: <u>S BURGESS</u>	Name: <u>C MCGEOCH</u>
Date: <u>08.10.15</u>	Date: <u>28.10.15</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:

29/10/15

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 2015



Scottish Motor Trade Association Headquarters – Palmerston House, South Queensferry

Diary Date...

OCTOBER 2015

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

SMTA Annual Dinner
Thursday 29th October 2015
Radisson BLU Hotel
Glasgow

Diary Date...

DECEMBER 2015

M	T	W	T	F	S	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

SMTA Aberdeen Dinner
Thursday 3rd December 2015
The Marcliffe Hotel
Pittodels

THE SCOTTISH MOTOR TRADE ASSOCIATION LIMITED

Annual Report and Accounts

For the year ended
31st March 2015

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

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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 24 JUNE 2015 at 12 noon.

By Order of the Board of Directors

D.R.W. Robertson
Secretary

South Queensferry, 4 June 2015

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. Grievie



TREASURER
J.S. Kinghorn



CHIEF EXECUTIVE
D.R.W. Robertson



ELECTED MEMBER
W.A. Burgess



ELECTED MEMBER
A. Campbell



ELECTED MEMBER
G. Gall



ELECTED MEMBER
G.W. Greenwood



SCOTTSURE REPRESENTATIVE
C.A.R. Ramsay



LAY MEMBER
A.J.S. Smith

PRESIDENT'S MESSAGE

Membership owned, membership driven and membership led!

This has and always will be the mantra I, as your President, and the collective SMTA Group Board have followed over the years of our involvement with the Scottish Motor Trade Association: your association! The collective strength of our approach over the last twelve months has brought us significant recognition within the various departments of the regulatory bodies, namely the European Union in Brussels; the Coalition Government in Westminster and of course Scotland's own Holyrood Parliament.

I would like to take this opportunity to highlight the very real need for the Association to be able to call upon a continual steady stream of new fresh office bearers to ensure we are "future proof" and of course very much aware of the real issues that face our industry on a daily basis. Therefore, this is a call to action to all those out there who may harbour an ambition to be part of the future shaping of this magnificent organisation. We have achieved a lot together while it has to be said there have been some very challenging times through the years, not the least of which was the recent deep recession. During those dark days it often called for the Executive to take some very difficult decisions and there have been occasions where these may even have been unpopular. However, I am confident that we have always acted in the best interests of our members; so I would welcome anyone who feels it may well be something that they would like to consider to get in touch with me personally, so we might ensure the long term outlook is maintained for the SMTA for many years ahead.

On that very subject, we are of course about to enter a new leadership era for the organisation. Our current Chief Executive, Douglas Robertson, is taking a well-earned retirement from his position as of 30 June 2015. As many of you are aware we have appointed a new Chief Executive to take over on that date. After a lengthy recruitment process, Sandy Burgess was selected and he is looking forward to the challenge ahead. Sandy will no doubt bring a different approach to the business being a traditional motor industry person, and his extensive industry experience will fare well for the Association. I am certainly looking forward to working with him going forward.

Scotland says NO! The SMTA has and always will be a non-political organisation; that said we can't ignore the big vote.

So September 18 2014 has been and gone, and the result, whilst significant in shaping the future direction of the country relevant to that one key question, has also, as we expected, opened up a whole new level of awareness of the political landscape within Scotland. Whilst not relevant to the financial year under review in these accounts, I feel that the recent General Election result will also have very significant implications for all businesses going forward within Scotland. This reaffirms our strength being the only Scottish based, Scotland focussed representative body for the automotive industry in Scotland and we have already begun to further develop our ties within Holyrood.

This strength will be particularly relevant with regard to the Modern Apprenticeship programme which is a vital component for all businesses bringing much needed support and structure to the development of properly skilled staff for the years ahead. The SMTA has continued to maintain our apprentices numbers much in line with previous years where we have averaged around 250-275 trainees in our scheme, which represents a fantastic result. Now we are reviewing our ambitions and seeking to grow that beyond our traditional threshold of three hundred by bringing on new learning streams such as Vehicle Sales and Business Administration. These extensions will be full Modern Apprenticeship programmes, directed at, but not exclusively for, young people seeking to enter a vibrant and dynamic industry that can deliver them a fantastic long term career with excellent earning potential. We will of course only introduce programmes aligned with our membership needs.

As a footnote to the above, the Modern Apprenticeship Programme in Scotland celebrated its 20th anniversary in May. The very first registered MA programme in Scotland? Apprentice Vehicle Technician. We have been at the forefront of the development of young people, fully employed as a route to ensuring the skills are available for decades, as an industry we should be very proud of that; the Scottish Government certainly are!

On completion of my two year period of office as your President, I would firstly like to take this opportunity to thank my colleagues on the board, CEO, Douglas Robertson and all the

SMTA staff for their help and support over the last twelve months. This also allows me to share with you my decision to remain as President for at least a further twelve month period. It was felt by the Board that in a year of significant change with the aforementioned new Chief Executive coming into the business, that to change the Chairman of the Board (President) during the same time window would potentially be detrimental to the SMTA, and I of course was delighted to accept the request.

Continued growth in Scottish new car registrations culminated in an all-time record breaking result in March which saw 44,825 new vehicles being registered in Scotland, the highest number in a single month ever!

That said there is a gathering "honesty" within our industry that too many new vehicles are being "self-registered" as dealers strive to meet ever increasing and in many cases unrealistic sales targets set by manufacturers. As your representative body we understand the implications this practice can have on cash flows and of course long term profitability for the industry. We will continue to support the NFDA in their endeavours to highlight this situation for future discussions with the relevant manufacturers.

Every so often I am asked to comment on the contributions we as an industry make to Scotland's fiscal wealth. To remind you, 9% of the Scottish nation's GDP is produced by the automotive industry, collectively we employ over 40,000 people and have annual sales in the region of £12 Billion. This year the SMTA also plan to highlight the "social contribution" made by our members across the nation; you will be able to read more about this in both our soon to be revamped Bulletin and ScotsAutoScene monthly editorial.

As mentioned previously we will continue to work closely with the NFDA, with our new Chief Executive, Sandy Burgess joining the National Executive Committee. This continues to ensure our franchised members' views are being voiced 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.

Sandy will also sit on the Automotive Aftermarket Liaison Group (AALG) which looks after the interests of our growing number of Independent Members.

The SMTA's David Innes sits on the MOT Trade Forum, and has been working very closely with the DVSA on the new MOT electronic roll out; he will also be working with the IMV on the development of National Occupational Standards for MOT testing which will shape the

training programme for the job role post: NTTA demise.

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; making available to our young people, apprenticeships, occupational qualifications and graduate schemes. As an industry we should be out there within the education system spreading the word that we are a viable career alternative for our young people today.

In summary, as with previous years, there have been challenges; indeed 2014 will always be a major year in Scotland's history. As with the nation we as an industry experienced highs and lows; fortunately the highs are now more recurrent than the lows! The SMTA will continue to stand tall as your Association; we occupy a very special place in the working relationship across Scotland as individual transport is critical to the continued development of this nation. On occasion, it can often be the case that we are the target for criticism and challenge. That is why we exist. We are here to ensure that the industry gets a fair hearing and everyone is reminded of the contribution and impact we have as an industry on the fiscal and social fabric of Scotland.

Membership owned, membership driven and membership led!

COLIN MCGEOCH
President

4 June 2015

STRATEGIC REPORT

The Board of Directors of the Association present their Strategic Report for the year ended 31 March 2015.

SMTA

The year under review has seen the Association as a separate entity return a deficit close to £46k. This is in excess of the figure budgeted but is mainly as a result of further investment and expenditure decisions taken by the Board after the budget had been approved. These additional expenditure decisions were considered carefully before the expenditure was authorised and the Board was satisfied that they were advisable and, for the most part, good for the future expansion of the business.

The year under review saw an increase in membership of the Association of 11.4% meaning that we ended the year with 919 members. With last year's increase of 8% this has meant that our subscription income, as projected, has comfortably exceeded £250,000 for the first time and this could reach £300,000 in the coming year. There were 29 membership resignations during the course of the year; 17 of these were through businesses closing down.

As reported last year we again targeted a specific area of the retail motor trade in our membership campaign and this resulted in the majority of our increase in membership once again coming from workshops with MOT Stations. This targeting of MOT stations has resulted in a considerable increase in the use of our MOT QC Scheme and we anticipate a heavier workload during the coming year. The increase in revenue from the MOT QC Scheme together with a considerable increase in insurance commission is responsible for the increase in the Association's Other Income.

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. The DVSA (formerly VOSA and the DSA) and the DVLA are those with whom we have been in most regular contact during the year. On behalf of members we were in very regular communication with the DVLA during their computerisation project and whilst, on occasion, feeling as if we were knocking our heads against brick walls, we are pleased to say that we were able to assist many members who were having problems with the Cherished Transfer/Personalised Number system. We are happy to note that these problems have greatly diminished and that an acceptable and working computerised system is almost with us.

Our working relationship with the DVSA has also been greatly enhanced during the past year as we were asked and were pleased to run a series of seminars during the winter to introduce the DVSA's new MOT computerisation system. Demand for places was so great that we had to run an additional three seminars over and above the originally planned five just to accommodate those wishing to be present. Around 1200 VTS owners, authorised examiners and testers attended these seminars and we are pleased to note that a considerable percentage of our success in recruiting MOT stations into membership has resulted from them and our close relationship with the DVSA.

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

SCOTSURE INSURANCE CO LTD

Having de-registered as a general insurance company two years ago, Scotsure Insurance Co Ltd (SIC) continues to operate as a small investment company with only investment income as a revenue stream. The past year has seen a sufficient increase in the value of the company's investments to allow it to pay a dividend to the SMTA, its parent company.

The main SMTA Board continues to keep the position of this company under review and, from time to time, looks closely at its function within the Group. The forthcoming year will see this policy continue. John Chessor is standing down as Chairman of Scotsure Insurance Company Ltd at the AGM this year. The coming year will see a new Scotsure Insurance Company Ltd Board in operation with Drew Ramsay as its Chair and the addition of Sandy Burgess, the incoming chief executive, and Alex Campbell.

SCOTSURE MBI LTD

Scotsure MBI Ltd (SMBL) has again had a challenging year resulting in a small decrease in policy sales of around 3%. All of this reduction has occurred in the northern sales region which saw a 17.7% reduction in sales and has come about through the loss of three sizeable customers – one of whom, a franchised dealer, was as a consequence of manufacturer pressure. On the other hand our southern sales region has seen an increase in policy sales of just under 17% due

mainly to new customers coming on board and increased usage of Scotsure by other regular dealers. The availability of our roadside assistance scheme, Scotsure Assist, since October last year has not materially affected the company's performance as yet.

A reduction in the administration margin taken by SMTA together with the drop in policy sales has meant a reduced income in the year. Nevertheless SMTA maintained its level of Management Charges paid to the SMTA and also felt able to pay a dividend out of the current year surplus. In addition our IT investment plan for Scotsure was maintained and is now very close to completion. The final cost for this is close to £25k; it is felt this was a very necessary investment to improve the company's ability to handle the volume of policy sales, including providing for the administration of new policy types, and claims that are anticipated over the next few years and it has also improved management reporting, thereby allowing the Scotsure Board to make decisions based on solid financial principles and projections.

In early April 2014 Scotsure's underwriting moved from Cardiff Phosphate (CP) to Motors Insurance Co Ltd (MCL). Our relationship with MCL throughout the year has been excellent and all performance targets set by the underwriters have been met, in addition audits of SMTA by both CP and MCL have shown again Scotsure to be in the highly acceptable "green" category confirming the excellent performance of our internal office staff at Scotsure headed by David McLennan, the Scotsure Operations Manager. As with the previous five years there have been no unresolved complaints passed to the Financial Ombudsman Service.

The Scotsure Board remains confident that further inroads into the market in the coming year can be classed as likely. However it also understands that the withdrawal of lifetime Scotsure field representation may have taken its toll on the business performance of the company, especially in the northern sales area. The matter of field representation has been taken on board by management and over the course of the next few months the sales strategy of the company is being looked at by management and both the SMEI Board and the SMTA Board. In addition the possibility of Scotsure producing its own GAP product is receiving consideration as it is felt that such a product may compare favourably with those currently available in the market following the recent Financial Conduct Authority (FCA) review of the GAP market.

As noted above in the Scotsure Insurance Company Ltd report John Chessor is also standing down as Chairman of Scotsure MBI Ltd at the AGM this year and the SMTA Board wishes to acknowledge the work carried out by John - a past President of the Association - at the helm of both Scotsure companies over the past five years. As with Scotsure Insurance Company Ltd, the coming

year will see a new Scotsure MBI Board in operation with Drew Ramsay as its Chair and the addition of Sandy Burgess, and Alex Campbell.

SMTA (Trading Partners) LTD

The turnover of Trading Partners (TP) decreased by 3.96% in the year under review through the Board is pleased to note that it increased in the final three months of the year. Despite this decrease a small increase in the Management Charges paid to the SMTA did ensue due to an improvement in the terms obtained from one of our tyre suppliers; and the arrival of Diamondbrite as a new product added to our range.

The number of members in membership of Trading Partners increased by 34 to 211 by the end of the year; however once again the usage over the year by these new members did not reach expectations. The TP Board, under the chairmanship of the SMTA Treasurer Stuart Kinghorn, is actively looking at the cause of this and is aware that, perhaps, as membership of TP is free, members do not use its prices as a comparator when purchasing from their current suppliers, in years gone by even with only a small membership charge of £25, this cost of joining has encouraged new members to look at TP's prices and resulted in 90% of those joining using the buying group as a supplier. In the past two years that percentage of new members joining and using the buying group has fallen to below 50%. It would appear, therefore, that more active marketing of the benefits of purchasing through the buying group by SMTA staff is required.

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 currently no cost involved in joining Trading Partners - but there could well be a considerable saving! In addition we would encourage members to let us know where they believe further savings could be made in the supply of goods and services for them through, as always, the supply of parts is outwith the remit of the Trading Partners business.

TRAINING

Under the management of Fraser Miller, our Apprentices Training Division has again performed well and continues to be a major player in the apprentice training market for the retail motor industry in Scotland. Trainee numbers at the end of the year were up on last year and we were pleased to note an increased interest in the employment of apprentices as the year approached its close. We anticipate an increase in apprentice numbers during 2015/6 to closer to 300 than at present. We currently have 275 trainees in our managed scheme and are looking for this to increase as the number of available schoolleavers increases.

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 are aware, however, that our current contract with GTG is nearing its end and that re-negotiation meetings will be required in the coming weeks. As is our duty, your Board will look closely at the terms being offered and will, as always, remain aware of what is on offer in a very competitive market.

Again, as is our duty, we will continue to advise and encourage employers to invest in their businesses future 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. Our relationship with Scotland's colleges remains excellent and, as our trainee numbers increase, we anticipate a further increase in the number of colleges with whom we have an operational relationship.

SERVICES

For several years now we have worked with Arthur J. Gallagher (AUG) - formerly Gies Insurance Brokers Ltd - as the recommended insurance broker to our membership. In the past year this relationship has performed exceptionally well seeing the commission received by us increase by in excess of 50%. Our gratitude to the staff of AUG is necessary but we also need to attribute much of this increase to the more proactive part played by the SMTA's own sales and administrative staff in achieving this increase. Over 22% of SMTA members who use external sources for their insurance now utilise the AUG scheme for SMTA members and we look forward to this increasing further in the coming year. As before, we would recommend that all members speak with AUG prior to arranging their annual motor trade insurance. AUG'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. We are also pleased to report that a further three-year arrangement with improved terms has been agreed with Gallagher's.

As mentioned earlier in this Report the year under review has seen us, for the first time, run a series of seminars in association with the DVSA (formerly VOSA) aimed at VTS owners. Authorised Examiners and Normalised Testers, to promote the new MOT computerised system being introduced in the late summer/early autumn of this year. This relationship with the DVSA has greatly enhanced our credibility in the market place and we are very

grateful to the work carried out by our Independent Garage Manager, David Innes, in ensuring the success of these seminars and of our MOT QC Scheme which we anticipate being used increasingly by members and non-members in the next twelve months.

Our Employment Law advisory service continues to see greater usage by members and we are satisfied that this free service to members remains one of the best services available to members of the SMTA. Being cost free to all members we are well aware of the savings that members have made and will continue to make through its use. For the price of a phone call many members have saved hundreds of pounds in legal fees and ensured that they have not had to face an Employment Tribunal. It remains, sadly, the case that many of our smaller members employing only a few staff seem unaware of their legal obligations towards their staff; however we are satisfied that once they are made aware of these, then they do, for the most part, fulfil their obligations. For this reason our service preparing and providing Contracts of Employment continues to see an improved uptake.

Our planned introduction of service plans, for a variety of reasons, came very late in the financial year and only now are members starting to show interest. We remain of the belief that these will bring long term benefits to members as they see their customer retention rates improve in the years to come, and we are encouraged by the potential benefits that these can bring to SMTA members - irrespective of whether or not they sell vehicles.

Through our relationship with the Retailers Association (PRA) we remain active in lobbying the Scottish Government regarding the problems of smaller town and rural Filling Stations closing following further supermarket filling stations opening. Despite our meetings with the relevant Scottish and UK Government ministers in the past year, there seems little prospect of any legislative action being taken to allow consumers a greater say in this matter and it is a matter of great frustration to both ourselves and the PRA to see what we consider 'anti-competitive' behaviour by supermarkets being permitted to flourish in the current fashion. As was the case last year, 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

In terms of the income and Expenditure Account the year under review has not been our most successful year; however, in terms of our investment in the future in IT and people, your Board considers the year just completed to have been one of continuing

our plans for further expansion of the business through this investment and ensuring we have the right people in place to enhance further the services and benefits available to SMTA members.

As you will have read above our membership drive continues and has been successful over the past two years. A third year of further promotion of the benefits of membership will, it is hoped, see us reach a membership figure of 1000, a level of membership not achieved since the 1980s.

There will be several legislative challenges in the coming year not the least of which will be the new Consumer Rights Act which on initial reading could cause considerable problems for the motor industry. However, your Association will continue to keep a close eye on the effect of this Act as it does for all other items of government legislation which affects our members and we will always be prepared to keep you all advised of the steps you will require to take to avoid falling foul of these new 'rules'. None of us, franchised dealers, independent dealers and servicing and repairing workshops should be afraid of treating customers fairly, and if all members continue to do so, it is likely that very few will find themselves under investigation from the powers that look after the interests of consumers.

Finally, we wish to thank the staff of the Association for the efforts 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. It will also continue to be member-led and member-driven and that's as it should be.

On behalf of the Board

DOUGLAS ROBERTSON
Chief Executive

4 June 2015

DIRECTORS' REPORT

The Board of Directors of the Association present their Report and Financial Statements for the year ended 31 March 2015. The Group reports a deficit after tax of £30,268 on a Group Operating Income of £2,233,442.

The Board is pleased to note that contributions from our subsidiary companies have satisfactorily reduced the deficit incurred by the Association itself. This is in line with the allocation of costs policy decided on by the Board last year to allocate only direct costs to our subsidiaries.

Following its de-registration as a general insurance company two years ago, 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 2015/16 accepted a Group budget anticipating a surplus following two years of agreed investment 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 nor do we anticipate the need for one in the foreseeable future.

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 judgements 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

4 June 2015

ASSOCIATION BOARD OF DIRECTORS

C. McGeoch (Chairman)
J.S. Kinghorn (Treasurer)
W. A. Burgess
A. Campbell
G. Gall
I. Grievie
G.W. Greenwood
C.A.R. Ramsay (Scotisure Representative)
A.J.S. Smith
D.R.W. Robertson

Phoenix Car Co, Paisley
Mansfield Motors, Hawick
ANZ Automotive, Stranraer
North Road Garage, Kelly
Arnold Clark Automobiles, Glasgow
Ilen Grievie (Falkirk), Falkirk
Newmarket Garage, Bannockburn
Haddington
Aberdeen
SMTA, South Queensferry

ASSOCIATION ADVISORS

AUDITORS
Thomson Cooper, 3 Castles 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 Sandwick Place, Edinburgh, EH2 4RN
HSBC, 76 Hanover Street, Edinburgh, EH2 1HQ

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

INSURANCE BROKERS
Arthur J Gallagher Insurance Brokers Ltd, 7th floor, Spectrum Building,
55 Blythswood Street, Glasgow G2 7AT

ORGANISATION

S.M.T.A LIMITED
D.R.W. Robertson
W.A. Burgess (appointed 01-04-15)

Chief Executive & Company Secretary
Chief Executive Designate

Senior Staff
Manager – Independent Garage Division
Training Manager
Finance / Administration Manager

D. Innes
F. Miller
M. Gaynor

SUBSIDIARY COMPANIES

SCOTSURE INSURANCE COMPANY LIMITED
Board of Directors
Chairman
Chief Executive & Company Secretary
Chief Executive Designate

J.C. Chessor
D.R.W. Robertson
W.A. Burgess (appointed 01-06-15)
C.A.R. Ramsay (appointed 01-06-15)
A. Campbell (appointed 01-06-15)

THE SCOTTISH MOTOR SHOW LIMITED
Board of Directors
Chairman
Chief Executive & Company Secretary

I. Grievie
D.R.W. Robertson
A.J.S. Smith

SCOTSURE MBI LIMITED
Board of Directors
Chairman
Chief Executive & Company Secretary
Chief Executive Designate

J.C. Chessor
D.R.W. Robertson
W.A. Burgess (appointed 01-06-15)
C.A.R. Ramsay
A. Campbell (appointed 01-06-15)

Senior Staff
Operations Manager

D. McLeman

SMTA (TRADING PARTNERS) LIMITED
Board of Directors
Chairman
Chief Executive & Company Secretary

J.S. Kinghorn
D.R.W. Robertson
C. McGeoch
D. Innes

ANDSTRAT (No 288) LIMITED
Board of Directors
Chief Executive & Company Secretary

D.R.W. Robertson
I. Grievie

CONSUMER AFFAIRS' REPORT

The Association operates an independent customer complaints, conciliation and arbitration service to assist members and their customers resolve disagreements between them. Should no recommended conciliatory 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 again been an increase in initial approaches to us (up 8%), the figures continue to give a strong indication that an informal discussion with our staff members is highly successful in resolving the matter before it is formally registered with our Committee. 5 meetings of the Committee were held during 2014-15.

	%	2014/15	%	2013/14
TOTAL COMPLAINT ENQUIRIES RECEIVED		502		465
Less resolved by telephone advice or by company prior to Committee including referrals to other bodies	97.4	489	95.7	445
FORMAL COMPLAINTS REGISTERED and CONSIDERED BY COMMITTEE		13		20
Resolved for complainant	46.2	6	45.0	9
Resolved for member company	53.8	7	55.0	11
Complaints passed to formal arbitration		13		20
		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.

We do not believe that the incoming UK Alternative Dispute Resolution law (ADR) applies to this service.

Customer complaints should be sent for consideration to:

Consumer Affairs Department
 Scottish Motor Trade Association Ltd
 Palmerston House
 10, The Loan
 South Queensferry EH50 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 Limited and its subsidiaries ("the Group") for the year ended 31 March 2015 which comprise the consolidated income and expenditure account, the balance sheet, 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.ifrc.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 2015 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 and Directors' 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
 Dumfermline

4 June 2015

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2015	Notes	2015 Continuing Operations £	2014 Continuing Operations £
Operating Income	3	2,233,442	2,153,456
Employment Costs	3,4	(559,061)	(534,328)
Other Operating Charges	3,5	(1,735,085)	(1,672,086)
OPERATING DEFICIT	3	(60,704)	(52,959)
Net Surplus from Investments and Similar Income	6	30,436	32,262
DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(30,268)	(20,696)
TAX CHARGE ON DEFICIT ON ORDINARY ACTIVITIES	7	-	2,426
DEFICIT FOR THE YEAR	14	(30,268)	(18,270)

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 2015	Notes	2015 £	2014 £
FIXED ASSETS			
Intangible assets	8	-	-
Tangible assets	9	571,496	540,899
		<u>571,496</u>	<u>540,899</u>
CURRENT ASSETS			
Investments	11	487,738	472,476
Debtors	12	493,778	423,445
Cash at bank and in hand		1,325,970	1,551,067
		<u>2,307,486</u>	<u>2,446,988</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	617,621	696,258
NET CURRENT ASSETS		1,689,865	1,750,730
TOTAL ASSETS LESS CURRENT LIABILITIES		2,261,361	2,291,629
ACCUMULATED SURPLUS	14	2,261,361	2,291,629

These financial statements were approved by the Board of Directors of the Association on 4 June 2015.

Signed on behalf of the Board of Directors

C. MCGEOCH
President

D.R.W. ROBERTSON
Chief Executive

Company Registration No. SC005698

ASSOCIATION BALANCE SHEET

	31 MARCH 2015	Notes	2015 £	2014 £
FIXED ASSETS				
Tangible assets	9		571,496	540,693
Investments	10		797,556	797,556
			<u>1,369,052</u>	<u>1,338,249</u>
CURRENT ASSETS				
Debtors	12		347,224	262,009
Cash at Bank			526,724	536,092
			<u>873,948</u>	<u>798,101</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13		1,383,777	1,231,112
NET CURRENT LIABILITIES			<u>(509,829)</u>	<u>(433,011)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>859,223</u>	<u>905,238</u>
ACCUMULATED SURPLUS	14		<u>859,223</u>	<u>905,238</u>

These financial statements were approved by the Board of Directors of the Association on 4 June 2015.

Signed on behalf of the Board of Directors

C. MCGEOCH
President

D.R.W. ROBERTSON
Chief Executive

Company Registration No. SC005688

CONSOLIDATED CASH FLOW STATEMENT

	31 MARCH 2015	Notes	2015 £	2014 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	18		(171,521)	53,637
RETURNS ON INVESTMENT AND SERVICING OF FINANCE				
Interest received			15,442	13,811
Dividends received			10,230	9,996
Net cash inflow from returns on investments and servicing of finance			<u>25,672</u>	<u>23,807</u>
TAXATION				
Corporation tax paid				(4,181)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Receipts from sales of tangible fixed assets			11,011	6,207
Payments to acquire tangible fixed assets			(80,029)	(1,409)
			<u>(69,018)</u>	<u>4,798</u>
NET CASH (OUTFLOW)/INFLOW BEFORE USE OF LIQUID RESOURCES			<u>(214,867)</u>	<u>77,961</u>
MANAGEMENT OF LIQUID RESOURCES				
Payments to acquire current asset investments			(10,230)	(9,996)
(DECREASE)/INCREASE IN CASH	19,20		<u>(225,097)</u>	<u>67,965</u>

NOTES TO THE ACCOUNTS

31 MARCH 2015

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 2015.
- (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 Members	Trading Partners	Scotsure MBI	Scotsure Insurance	Group 2015	Group 2014
	£	£	£	£	£	£
Operating Income						
Annual Subscriptions	274,145				274,145	238,630
Training and seminars	509,408				509,408	419,414
Administration fees		209,031			209,031	229,497
Commissions	38,428	57,395			96,823	79,650
Members recharges	1,123,779				1,123,779	1,168,909
Management Charges (note 5)	88,700				88,700	82,300
Other Income	15,512		4,746		20,258	17,356
	927,191	1,181,174	213,777		2,322,142	2,235,756

Elimination of Group Management Charges

	(88,700)				(88,700)	
	2,239,442				2,239,442	2,153,456

Employment Costs (note 4)

	453,760		105,301		559,061	534,328
Other Operating Charges (note 5)	562,992	1,180,018	78,920	1,855	1,823,785	1,754,386

Elimination of Group Management Charges

	(88,700)				(88,700)	82,300
	1,735,085				1,735,085	1,672,086

Operating surplus/(deficit) - 2015

	(1,016,752)	(1,180,018)	(184,221)	(1,855)	(2,294,146)	(2,206,414)
Operating surplus/(deficit) - 2014	(107,235)	2,173	53,978	(1,874)	(60,704)	(52,859)

All operating income is generated in the UK

4. EMPLOYMENT COSTS

	2015	2014
	£	£
Salaries	450,324	439,332
Social Security Costs	50,950	49,913
Pension Fund Contributions	57,787	45,083
	559,061	534,328

The average weekly number employed by the Group within each category of person was:

	2015	2014
	No	No
Administration	14	14

Directors' Emoluments

	2015	2014
	£	£
Emoluments of executive directors	86,603	84,369
Contributions to group personal pension scheme on behalf of one director (2014 : one)	14,970	14,821

No fees were paid to Non-Executive Directors during the year (2014 - £nil)

5. OTHER OPERATING CHARGES

	2015 £	2014 £
Total expenditure of £1,823,785 (2014: £1,754,866) includes:-		
Depreciation of tangible assets	41,538	35,024
(Gain)/loss on sale of fixed assets	(3,117)	2,407
Travel and meeting expenses	18,881	15,088
Special meetings and functions	7,574	6,888
RMI affiliation fee	16,851	16,184
Management charges - (note 3)	36,000	30,000
Scotsure MBI Limited	52,700	52,900
SMTA (Trading Partners) Limited	13,500	13,000
Auditors' remuneration is comprised as follows:		
Fees payable to the group's auditor for the audit of the group's annual accounts (company £7,300; 2014 £7,100)	1,700	1,700
Fees payable to the group's auditor for other services:	300	300
- tax services	15,500	15,000
- other	18,230	17,996
	7,174	5,723
	25,404	23,719
	5,082	8,543
	30,436	32,262

6. NET SURPLUS FROM INVESTMENTS AND SIMILAR INCOME

Listed investments	18,230	17,996
Bank interest/receivable	7,174	5,723
Unrealised gain on investments	25,404	23,719
	5,082	8,543
	30,436	32,262

7. TAX CHARGE ON DEFICIT ON ORDINARY ACTIVITIES

Current Taxation		
UK corporation tax	(3,426)	(2,426)
Adjustments in respect of prior periods	(2,426)	(2,426)
Tax on surplus on ordinary activities	(30,268)	(20,696)

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 20% (2014: 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 on ordinary activities before tax	(30,268)	(20,696)
Tax on deficit on ordinary activities at standard rate	(6,054)	(4,139)
Factors affecting charge for the period:		
Prior period adjustments	(3,052)	(3,788)
Non taxable income	(4,395)	3,453
Depreciation in excess of capital allowances	11,830	3,784
Losses carried forward	1,671	600
Other tax adjustments	(2,426)	(2,426)
Total actual amount of current tax	(30,268)	(20,696)

8. INTANGIBLE ASSETS

	Goodwill £
Group	5,336
Cost at 1 April 2014	(5,336)
Disposals	-
At 31 March 2015	-
Amortisation at 1 April 2014	5,336
Disposals	(5,336)
At 31 March 2015	-
Net Book Value	-
At 31 March 2015	-
At 31 March 2014	-

9. TANGIBLE ASSETS

	Heritable Property £	Equipment & Fittings £	Motor Cars £	Total £
Group	479,218	88,577	109,105	676,900
Cost at 1 April 2014	479,218	38,517	41,512	80,029
Additions	-	(8,066)	(19,627)	(27,593)
Disposals	-	-	-	-
At 31 March 2015	479,218	119,028	131,090	729,336
Depreciation at 1 April 2014	-	81,694	54,407	136,001
Charge for year	-	16,563	24,975	41,538
On disposals	-	(6,037)	(11,662)	(19,699)
At 31 March 2015	-	90,120	67,720	157,840
Net Book Value	479,218	28,908	63,370	571,496
At 31 March 2015	479,218	28,908	63,370	571,496
At 31 March 2014	479,218	6,983	54,698	540,999
Association	479,218	33,984	109,105	622,317
Cost at 1 April 2014	479,218	38,517	41,512	80,029
Additions	-	(8,066)	(19,627)	(27,593)
Disposals	-	-	-	-
At 31 March 2015	479,218	64,445	131,090	674,753
Depreciation at 1 April 2014	-	27,217	54,407	81,624
Charge for year	-	16,357	24,975	41,332
On disposals	-	(6,037)	(11,662)	(19,699)
At 31 March 2015	-	35,537	67,720	103,257
Net Book Value	479,218	28,908	63,370	571,496
At 31 March 2015	479,218	28,908	63,370	571,496
At 31 March 2014	479,218	6,777	54,698	540,693

CAPITAL COMMITMENTS

As at 31 March 2015, capital expenditure authorised and contracted for but not provided in the accounts amounted to £nil (2014: £35,000).

10. INVESTMENTS HELD AS FIXED ASSETS

	Group		Association
	2015	2014	2014
	£	£	£
Association			797,556
Cost at 1 April 2014 and 31 March 2015			

11. INVESTMENTS HELD AS CURRENT ASSETS

	Group		Association
	2015	2014	2014
	£	£	£
Listed investments at market value:			
At 1 April 2014	472,476	453,937	-
Additions	10,230	9,996	-
Unrealised gains	5,032	8,543	-
At 31 March 2015	487,738	472,476	-
Listed investments at cost	553,185	572,955	-

12. DEBTORS

	Group		Association
	2015	2014	2014
	£	£	£
Trade debtors	186,889	184,470	18,573
Prepayments and accrued income	256,362	223,696	197,017
Amounts due from subsidiary companies	50,517	15,279	31,276
Other debtors	493,778	423,445	15,143
			262,009

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association
	2015	2014	2014
	£	£	£
Trade creditors	337,543	301,645	82,159
Corporation tax	-	-	-
Other taxation and social security	14,654	13,055	10,652
Amount due to subsidiary companies	-	1,140,564	1,020,564
Other creditors	6,113	251,436	6,113
Accruals and deferred income	259,311	130,122	111,964
	617,621	696,258	1,231,112

14. STATEMENT OF MOVEMENT ON RESERVES

ACCUMULATED SURPLUS

Balance at 1 April 2014	2,291,629	2,308,859	905,238	1,008,997
Deficit in the year	(80,268)	(16,270)	(46,015)	(103,759)
Balance at 31 March 2015	2,261,361	2,291,629	859,223	905,238

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 £46,015 (2014 : £103,759).

16. ADDITIONAL INFORMATION ON SUBSIDIARIES

Wholly owned subsidiary companies	Country of registration and operation	Activity	Investment 2015	Investment 2014
			£	£
Scotlure Insurance Co. Ltd	Scotland	Investment company	761,756	761,756
Scotlure MBI Ltd	Scotland	Administration of Mechanical Breakdown Insurance Policies	25,000	25,000
SMTA (Trading Partners) Ltd	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>

17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking.

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.

18. RECONCILIATION OF OPERATING DEFICIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2015	2014
	£	£
Operating deficit	(60,704)	(62,958)
Depreciation	41,538	35,024
(Gain)/loss on sale of tangible fixed assets	(3,117)	2,407
Increase in debtors	(70,601)	(57,723)
(Increase)/decrease in creditors	(78,637)	126,787
Net cash (outflow)/inflow from operating activities	<u>(171,521)</u>	<u>53,537</u>

19. ANALYSIS OF MOVEMENT IN NET FUNDS

	At 1 April 2014	Cash Flow	Other Changes	At 31 March 2015
	£	£	£	£
Cash at bank and in hand	1,551,067	(225,097)	-	1,325,970
Current asset investments	472,476	10,230	5,032	487,738
Total	<u>2,023,543</u>	<u>(214,867)</u>	<u>5,032</u>	<u>1,813,708</u>

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

	2015	2014
	£	£
(Decrease)/Increase in cash in year	(225,097)	67,965
Increase in current asset investments	10,230	9,906
Change in market value of current asset investments	5,032	8,543
Net funds at start of year	<u>2,023,543</u>	<u>1,837,089</u>
Net funds at end of year	<u>1,813,708</u>	<u>2,023,543</u>

Diary Date...

OCTOBER 2015

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

SMTA Annual Dinner
 Thursday 29th October 2015
 Radisson BLU Hotel
 Glasgow

Diary Date...

DECEMBER 2015

M	T	W	T	F	S	S
1	2	3	4	5	6	
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

SMTA Aberdeen Dinner
 Thursday 3rd December 2015
 The Marcliffe Hotel
 Pitloids

Diary Date...

JUNE 2016

M	T	W	T	F	S	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

SMTA AGM 2016
 Wednesday 29th June 2016
 SMTA Offices
 South Queensferry