

Company Registration No. 00491211 (England and Wales)

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2017



AGRICULTURAL MACHINERY (NANTWICH) LIMITED

COMPANY INFORMATION

Directors	Mr S A Cornthwaite Mr J E Ashe Mr R C Hughes
Secretary	Mr J E Ashe
Company number	00491211
Registered office	Millstone Lane Nantwich CW5 5PJ
Auditor	Moore and Smalley LLP Kendal House Murley Moss Business Village Oxenholme Road Kendal LA9 7RL

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

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AGRICULTURAL MACHINERY (NANTWICH) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2017

The directors present the strategic report for the year ended 28 February 2017.

Fair review of the business

The results for the year ended 28 February 2017 are a significant improvement on those of the previous year and turnover increased by 4.6% to £15.6 million and profit before tax increased from £51,345 to £339,218.

As was highlighted in the 2016 Strategic Report, entering this period with manageable levels of used stock and a significant proportion of old stock liquidated enabled the company to generate new business whilst still maintaining acceptable used stock levels. This factor, allied to changed market conditions, allowed better realisation of used stock which fed directly through to improved profitability.

During the year the company has obtained planning permission to redevelop the existing site in Nantwich and this project will be undertaken during 2018.

The key performance indicators of the business are turnover, gross profit and asset turn, all of which are monitored on a regular basis.

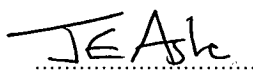
Principal risks and uncertainties

The principal risks and uncertainties that face the company are considered to be:

- the state of the agricultural industry as a whole within the country and the competition within that market
- the exchange rate between the pound and the currency of the company's principal markets for used machinery (in particular tractors) in Europe

The company's market share is significantly higher than John Deere's national average and whilst maintaining market share will be a challenge, the directors of the group believe that the actions outlined above will enable the business to mitigate, as far as is possible, the risks and uncertainties detailed above.

By order of the board


.....
Mr J E Ashe
Secretary
12/6/17
.....

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2017

The directors present their annual report and financial statements for the year ended 28 February 2017.

Principal activities

The principal activity of the company continued to be that of the supply of new and used agricultural machinery, together with the ancillary services of repair, maintenance and supply of spare parts.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr S A Cornthwaite

Mr J E Ashe

Mr R C Hughes

Results and dividends

The results for the year are set out on page 7.

An interim dividend of £48.78 per share was paid on 28 February 2017.

The directors do not recommend the payment of a final dividend.

Financial instruments

Financial risk management objectives and policies

The operations of the company expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects of the financial performance of the company by monitoring levels of debt finance and related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring the financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

The directors will revisit the appropriateness of the policy should the company's operation change size or nature.

Future developments

The directors intend to explore any future opportunities to expand the company's customer base or its activities.

Auditor

In accordance with the company's articles, a resolution proposing that Moore and Smalley LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually 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 company's auditor is aware of that information.

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

By order of the board



Mr J E Ashe

Secretary

12/6/17

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2017

The directors are responsible for preparing the annual report and the 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 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 company and of the profit or loss of the company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AGRICULTURAL MACHINERY (NANTWICH) LIMITED

We have audited the financial statements of Agricultural Machinery (Nantwich) Limited for the year ended 28 February 2017 set out on pages 7 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of 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 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF AGRICULTURAL MACHINERY (NANTWICH) LIMITED

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Ian Clark (Senior Statutory Auditor)
for and on behalf of Moore and Smalley LLP
Chartered Accountants
Statutory Auditor

Kendal House
Murley Moss Business Village
Oxenholme Road
Kendal
LA9 7RL

12/6/17

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Notes	2017 £	2016 £
Turnover	3	15,657,815	14,967,043
Cost of sales		(14,528,624)	(14,186,364)
Gross profit		1,129,191	780,679
Distribution costs		(481,584)	(423,438)
Administrative expenses		(562,378)	(572,023)
Other operating income		256,869	271,887
Operating profit	4	342,098	57,105
Interest payable and similar expenses	7	(2,880)	(5,760)
Profit before taxation		339,218	51,345
Taxation	8	(67,341)	(1,144)
Profit for the financial year		271,877	50,201

The profit and loss account has been prepared on the basis that all operations are continuing operations.

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

BALANCE SHEET

AS AT 28 FEBRUARY 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	10		171,014		137,356
Current assets					
Stocks	12	5,007,726		3,076,961	
Debtors	13	1,540,697		1,589,558	
Cash at bank and in hand		476,207		651,479	
		<u>7,024,630</u>		<u>5,317,998</u>	
Creditors: amounts falling due within one year	14	<u>(4,882,439)</u>		<u>(3,204,844)</u>	
Net current assets			2,142,191		2,113,154
Total assets less current liabilities			2,313,205		2,250,510
Creditors: amounts falling due after more than one year	15		(45,026)		(13,385)
Provisions for liabilities	19		(23,885)		(14,708)
Net assets			<u>2,244,294</u>		<u>2,222,417</u>
Capital and reserves					
Called up share capital	21		5,125		5,125
Capital redemption reserve			5,125		5,125
Profit and loss reserves			<u>2,234,044</u>		<u>2,212,167</u>
Total equity			<u>2,244,294</u>		<u>2,222,417</u>

The financial statements were approved by the board of directors and authorised for issue on 12/6/12 and are signed on its behalf by:



Mr J E Ashe
Director

Company Registration No. 00491211

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Notes	Share capital £	redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 March 2015		5,125	5,125	2,311,966	2,322,216
Year ended 29 February 2016:					
Profit and total comprehensive income for the year		-	-	50,201	50,201
Dividends	9	-	-	(150,000)	(150,000)
Balance at 29 February 2016		5,125	5,125	2,212,167	2,222,417
Year ended 28 February 2017:					
Profit and total comprehensive income for the year		-	-	271,877	271,877
Dividends	9	-	-	(250,000)	(250,000)
Balance at 28 February 2017		5,125	5,125	2,234,044	2,244,294

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	26	201,647		558,816	
Interest paid		(2,880)		(5,760)	
Income taxes paid		-		(38,281)	
Net cash inflow from operating activities		198,767		514,775	
Investing activities					
Purchase of tangible fixed assets		(24,779)		(23,276)	
Proceeds on disposal of tangible fixed assets		900		8,250	
Net cash used in investing activities		(23,879)		(15,026)	
Financing activities					
Repayment of borrowings		(69,255)		(25,745)	
Payment of finance leases obligations		(30,905)		(38,407)	
Dividends paid		(250,000)		(150,000)	
Net cash used in financing activities		(350,160)		(214,152)	
Net (decrease)/increase in cash and cash equivalents		(175,272)		285,597	
Cash and cash equivalents at beginning of year		651,479		365,882	
Cash and cash equivalents at end of year		476,207		651,479	

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2017

1 Accounting policies

Company information

Agricultural Machinery (Nantwich) Limited is a company limited by shares incorporated in England and Wales. The registered office is Millstone Lane, Nantwich, CW5 5PJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

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

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

Plant and machinery	3 to 5 years
Motor vehicles	5 years

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

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

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

1.7 Cash and cash equivalents

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

1.8 Financial instruments

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

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

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

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

1 Accounting policies

(Continued)

Basic financial assets

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

Other financial assets

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

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.9 Equity instruments

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

1.10 Taxation

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

Current tax

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

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

1 Accounting policies

(Continued)

Deferred tax

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

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

1.11 Employee benefits

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

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

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

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 Foreign currency transactions

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the translation rates ruling at that date. These translation differences are dealt within the profit and loss account.

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock provision

Provision has been made against the value of stock where necessary on a line by line and age basis bearing in mind the asset class and the current market conditions for that particular class of asset.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
Turnover		
Sale of goods and services	15,657,815	14,967,043

Turnover analysed by geographical market

	2017 £	2016 £
UK	15,617,115	14,924,043
Rest of the World	40,700	43,000
	15,657,815	14,967,043

4 Operating profit

2017 £	2016 £
-----------	-----------

Operating profit for the year is stated after charging/(crediting):

Fees payable to the company's auditors for the audit of the company's annual accounts	4,000	4,000
Depreciation of owned tangible fixed assets	38,705	41,277
Depreciation of tangible fixed assets held under finance leases	24,473	26,677
Profit on disposal of tangible fixed assets	(900)	(8,250)
Cost of stocks recognised as an expense	343,985	(693,786)
Operating lease charges	159,000	159,000

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

5 Employees

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

	2017 Number	2016 Number
Directors	3	3
Management and administration	2	2
Sales and after sales	21	21
	<u>26</u>	<u>26</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	805,794	774,992
Social security costs	81,627	74,834
Pension costs	27,479	23,263
	<u>914,900</u>	<u>873,089</u>

6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	74,299	73,311
Company pension contributions to defined contribution schemes	6,300	6,100
	<u>80,599</u>	<u>79,411</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 1)

7 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on finance leases and hire purchase contracts	1,718	3,651
Other finance costs:		
Other interest	1,162	2,109
	<u>2,880</u>	<u>5,760</u>

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

8 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	58,164	-
Adjustments in respect of prior periods	-	(382)
Total current tax	58,164	(382)
Deferred tax		
Origination and reversal of timing differences	9,177	1,526
Total tax charge	67,341	1,144

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	339,218	51,345
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	67,844	10,269
Tax effect of expenses that are not deductible in determining taxable profit	(503)	2,247
Group relief	-	(10,990)
Under/(over) provided in prior years	-	(382)
Taxation for the year	67,341	1,144

9 Dividends

	2017 £	2016 £
Interim paid	250,000	150,000

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

10 Tangible fixed assets

	Plant and Motor vehicles machinery		Total
	£	£	£
Cost			
At 1 March 2016	165,627	386,202	551,829
Additions	11,452	85,384	96,836
Disposals	-	(34,766)	(34,766)
At 28 February 2017	177,079	436,820	613,899
Depreciation and impairment			
At 1 March 2016	145,111	269,362	414,473
Depreciation charged in the year	8,649	54,529	63,178
Eliminated in respect of disposals	-	(34,766)	(34,766)
At 28 February 2017	153,760	289,125	442,885
Carrying amount			
At 28 February 2017	23,319	147,695	171,014
At 29 February 2016	20,516	116,840	137,356

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2017 £	2016 £
Motor vehicles	130,482	83,485
Depreciation charge for the year in respect of leased assets	24,473	26,677

11 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,506,765	1,521,818
Carrying amount of financial liabilities		
Measured at amortised cost	4,848,052	3,199,281

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

12 Stocks

	2017 £	2016 £
Raw materials and consumables	390,605	361,377
Work in progress	22,614	8,807
Finished goods and goods for resale	4,594,507	2,706,777
	<u>5,007,726</u>	<u>3,076,961</u>

13 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	1,038,675	794,704
Amount due from parent undertaking and fellow subsidiaries	403,210	698,154
Other debtors	64,880	28,960
Prepayments and accrued income	33,932	67,740
	<u>1,540,697</u>	<u>1,589,558</u>

Trade debtors disclosed above are measured at amortised cost.

14 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Obligations under finance leases	17	36,456	26,945
Other borrowings	16	-	69,255
Trade creditors		2,997,615	2,300,548
Corporation tax		58,164	-
Other taxation and social security		21,249	18,948
Other creditors		2,135	14,738
Accruals and deferred income		1,766,820	774,410
		<u>4,882,439</u>	<u>3,204,844</u>

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

15 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Obligations under finance leases	17	45,026	13,385

Other loans are interest free stocking loans from John Deere Bank S.A. on used equipment traded in against new machines. These loans are secured on the equipment traded in.

The obligations under hire purchase contracts are secured on the assets subject to those contracts.

The aggregate amount of secured creditors is £81,482 (2016 - £109,585).

16 Loans and overdrafts

	2017 £	2016 £
Other loans	-	69,255
Payable within one year	-	69,255

17 Finance lease obligations

	2017 £	2016 £
Future minimum lease payments due under finance leases:		
Within one year	36,879	28,663
In two to five years	45,031	13,813
	81,910	42,476
Less: future finance charges	(428)	(2,146)
	81,482	40,330

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 1 year. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2017 £	Liabilities 2016 £
Balances:		
Accelerated capital allowances	23,885	14,708
	<u>23,885</u>	<u>14,708</u>

19 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	18	23,885	14,708
		<u>23,885</u>	<u>14,708</u>

20 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	27,479	23,263
	<u>27,479</u>	<u>23,263</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £27,479 (2016 - £23,263).

21 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
5,125 Ordinary shares of £1 each	5,125	5,125
	<u>5,125</u>	<u>5,125</u>

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

22 Financial commitments, guarantees and contingent liabilities

The company has given an unlimited guarantee in respect of the bank borrowings of its fellow subsidiary company, Cornthwaite Agricultural Limited, and the ultimate parent, Cornthwaite Holdings Limited. This guarantee is supported by a debenture on all companies and by legal charges over land and buildings owned by Cornthwaite Agricultural Limited.

At the year end the potential liability amounted to £67,804 (2016 - £117,721)

The company, together with Cornthwaite Agricultural Limited and Cornthwaite Holdings Limited, has given a limited guarantee of £1,275,000 in respect of the bank borrowings of Cornthwaite Properties Limited. This guarantee is supported by a debenture on Cornthwaite Properties Limited and by legal charges over land and buildings owned by Cornthwaite Properties Limited.

At the year end the potential liability amounted to £1,166,000 (2016 - £1,220,000).

23 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	159,000	159,000
Between two and five years	304,750	463,750
	<u>463,750</u>	<u>622,750</u>

24 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2017 £	2016 £
Aggregate compensation	<u>82,602</u>	<u>73,311</u>

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2017 £	2016 £	2017 £	2016 £
Other related parties	<u>3,083,821</u>	<u>2,781,832</u>	<u>1,482,099</u>	<u>1,279,814</u>

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

24 Related party transactions

(Continued)

	Rent		Dividends	
	2017	2016	2017	2016
	£	£	£	£
Entities with control, joint control or significant influence over the company	-	-	250,000	150,000
Other related parties	135,000	135,000	-	-
	<u>135,000</u>	<u>135,000</u>	<u>250,000</u>	<u>150,000</u>

The following amounts were outstanding at the reporting end date:

	2017 Balance £
Amounts owed by related parties	
Entities with control, joint control or significant influence over the company	292,100
Other related parties	111,110
	<u>403,210</u>
	2016 Balance £
Amounts owed in previous period	
Entities with control, joint control or significant influence over the company	532,300
Other related parties	165,854
	<u>698,154</u>

25 Controlling party

The ultimate holding company is Cornthwaite Holdings Limited, a company registered in England and Wales.

The ultimate controlling party is S A Cornthwaite, the sole director and shareholder of that company.

Copies of the consolidated financial statements of Cornthwaite Holdings Limited, which is both the smallest and largest group for which consolidated financial statements are prepared, may be obtained from Cornthwaite Holdings Limited, Hall Lane, Bispham Green, Ormskirk, Lancs L40 3SB.

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

26 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	271,877	50,201
Adjustments for:		
Taxation charged	67,341	1,144
Finance costs	2,880	5,760
Gain on disposal of tangible fixed assets	(900)	(8,250)
Depreciation and impairment of tangible fixed assets	63,178	67,954
Movements in working capital:		
(Increase)/decrease in stocks	(1,930,765)	1,681,723
Decrease/(increase) in debtors	48,861	(343,881)
Increase/(decrease) in creditors	1,679,175	(895,835)
Cash generated from operations	<u>201,647</u>	<u>558,816</u>