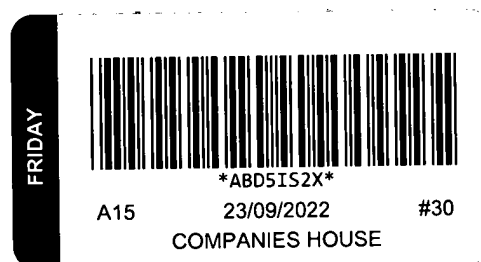


COMPANY REGISTRATION NUMBER: 01339137

FRANK JOHNSTON (TRACTORS) LIMITED
ANNUAL REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE
PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021



David Allen
Chartered Accountants & Statutory Auditor
Dalmar House
Barras Lane Estate
Dalston
Carlisle
CA5 7NY

FRANK JOHNSTON (TRACTORS) LIMITED

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FRANK JOHNSTON (TRACTORS) LIMITED

COMPANY INFORMATION

Directors

Mr H Johnston

Miss L Johnston

Company secretary

Miss L Johnston

Registered office

Montgomery Way
Rosehill Industrial Estate
Carlisle
CA1 2RW

Auditors

David Allen
Chartered Accountants & Statutory Auditor
Dalmar House
Barras Lane Estate
Dalston
Carlisle
CA5 7NY

Bankers

HSBC Bank plc
29 English Street
Carlisle
CA3 8JW

Barclays Bank plc
Montgomery Way
Rosehill Industrial Estate
Carlisle
CA1 2RT

FRANK JOHNSTON (TRACTORS) LIMITED

STRATEGIC REPORT FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021

The directors present their strategic report for the period from 1 November 2020 to 31 December 2021.

PRINCIPAL ACTIVITY

The principal activity of the company is to manage the assets of the group. The principal activity of the group is tractor and machinery sales.

FAIR REVIEW OF THE BUSINESS

Frank Johnston (Tractors) Limited receives management charges, hire of equipment income and rent receivable, in its role in management of the group assets. Total income for the company was £233,668 (2020 - £469,833), and operating profit 59% (2020 - 51%). Return on capital employed was 5% (2020 - 9%).

The group has been adjusting to operating a new tractor dealership, with sales now increasing as staff and customers adjust to this. The gross profit margin has remained at 7%. Overheads have decreased and operating profit margin is 2% (2020 - 2%).

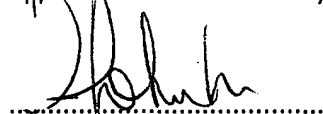
The company's key financial and other performance indicators during the period were as follows:

	Unit	2021	2020
Turnover	£	16,908,522	12,640,495
Gross profit	£	1,114,297	902,483
Gross profit percentage	%	7	7
Operating profit percentage	%	2	2
Creditor days		26	23
Debtor days		12	28

PRINCIPAL RISKS AND UNCERTAINTIES

The directors are satisfied with the company's level of activities, profits generated and the level of business experienced. The company's end of year position is strong. It has a sound financial base with a more than adequate cash flow to support operations in the coming year.

Approved and authorised by the Board on 6 September 2022 and signed on its behalf by:



Miss L Johnston
Company secretary and director

FRANK JOHNSTON (TRACTORS) LIMITED

DIRECTORS' REPORT FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021

The directors present their report and the financial statements for the period from 1 November 2020 to 31 December 2021.

DIRECTORS OF THE GROUP

The directors who held office during the period were as follows:

Mr H Johnston

Miss L Johnston - Company secretary and director

DIVIDENDS

Particulars of recommended dividends are detailed in note 22 to the financial statements.

FINANCIAL INSTRUMENTS

Objectives and policies

The company uses basic financial instruments, including bank overdrafts and various items such as trade debtors and trade creditors that arise directly from its operations. The main risks associated with these are cash flow, liquidity and interest risk. The company seeks to ensure sufficient liquidity is available to meet foreseeable needs and uses banking facilities to achieve short term flexibility.

FUTURE DEVELOPMENTS

The directors plan to continue with the company's present operations and strategies.

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

REAPPOINTMENT OF AUDITORS

David Allen is re-appointed as auditor for the ensuing year in accordance with section 485 of the Companies Act 2006.

Approved and authorised by the Board on 6 September 2022 and signed on its behalf by:



.....
Miss L Johnston
Company secretary and director

FRANK JOHNSTON (TRACTORS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors acknowledge their responsibilities for preparing the Directors' 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 group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 group's transactions and disclose with reasonable accuracy at any time the financial position of 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FRANK JOHNSTON (TRACTORS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRANK JOHNSTON (TRACTORS) LIMITED

OPINION

We have audited the financial statements of Frank Johnston (Tractors) Limited (the 'parent company') and its subsidiaries (the 'group') for the period from 1 November 2020 to 31 December 2021, which comprise the Consolidated statement of income and retained earnings, Consolidated balance sheet, Balance sheet, Consolidated statement of cash flows, and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2021 and of the group's profit for the period 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

FRANK JOHNSTON (TRACTORS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRANK JOHNSTON (TRACTORS) LIMITED (CONTINUED)

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of directors' responsibilities [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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

FRANK JOHNSTON (TRACTORS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRANK JOHNSTON (TRACTORS) LIMITED (CONTINUED)

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to the applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

We are not responsible for detecting fraud and preventing non-compliance and cannot be expected to detect all fraud and non-compliance with all laws and regulations. The primary responsibility for the prevention and detection of irregularities including fraud rests with both the management and the directors. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

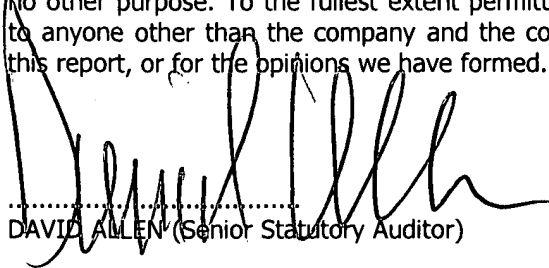
A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

FRANK JOHNSTON (TRACTORS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRANK JOHNSTON (TRACTORS) LIMITED (CONTINUED)

Use of our report

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.



.....
DAVID ALLEN (Senior Statutory Auditor)

For and on behalf of
David Allen
Chartered Accountants & Statutory Auditor

Dalmar House
Barras Lane Estate
Dalston
Carlisle
CA5 7NY

6 September 2022

FRANK JOHNSTON (TRACTORS) LIMITED**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE PERIOD
FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021**

		14 months ended 31 December 2021 £	12 months ended 31 October 2020 £
	Note		
Turnover	3	16,908,522	12,640,495
Cost of sales		<u>(15,794,225)</u>	<u>(11,738,012)</u>
Gross profit		1,114,297	902,483
Administrative expenses		(795,366)	(728,220)
Other operating income	4	<u>27,595</u>	<u>117,584</u>
Operating profit	5	<u>346,526</u>	<u>291,847</u>
Other interest receivable and similar income		17,860	21,465
Interest payable and similar charges		<u>(9,126)</u>	<u>(13,030)</u>
		<u>8,734</u>	<u>8,435</u>
Profit before tax		355,260	300,282
Taxation	9	<u>(33,739)</u>	<u>(64,027)</u>
Profit for the financial period		321,521	236,255
Retained earnings brought forward		3,957,483	3,801,228
Dividends paid		<u>(93,333)</u>	<u>(80,000)</u>
Retained earnings carried forward		<u><u>4,185,671</u></u>	<u><u>3,957,483</u></u>

The notes on pages 13 to 32 form an integral part of these financial statements.

FRANK JOHNSTON (TRACTORS) LIMITED**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	10	60,375	71,875
Tangible assets	11	820,743	729,669
Investment property	12	<u>323,804</u>	<u>323,804</u>
		<u>1,204,922</u>	<u>1,125,348</u>
Current assets			
Stocks	14	4,871,471	3,526,627
Debtors	15	801,005	1,090,208
Cash at bank and in hand		<u>68,589</u>	<u>7,823</u>
		5,741,065	4,624,658
Creditors: Amounts falling due within one year	17	<u>(2,666,350)</u>	<u>(1,645,083)</u>
Net current assets		<u>3,074,715</u>	<u>2,979,575</u>
Total assets less current liabilities		4,279,637	4,104,923
Creditors: Amounts falling due after more than one year	17	-	(47,222)
Provisions for liabilities	18	<u>(88,866)</u>	<u>(95,118)</u>
Net assets		<u>4,190,771</u>	<u>3,962,583</u>
Capital and reserves			
Called up share capital	20	5,100	5,100
Retained earnings	21	<u>4,185,671</u>	<u>3,957,483</u>
Equity attributable to owners of the company		<u>4,190,771</u>	<u>3,962,583</u>
Shareholders' funds		<u>4,190,771</u>	<u>3,962,583</u>

Approved and authorised by the Board on 6 September 2022 and signed on its behalf by:



Mr H Johnston
Director

Company registration number: 01339137

The notes on pages 13 to 32 form an integral part of these financial statements.


FRANK JOHNSTON (TRACTORS) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	10	60,375	71,875
Tangible assets	11	274,511	609,403
Investment property	12	323,804	323,804
Investments	13	<u>1,501,120</u>	<u>1,501,120</u>
		<u>2,159,810</u>	<u>2,506,202</u>
Current assets			
Stocks	14	186,324	186,324
Debtors	15	<u>892,722</u>	<u>515,899</u>
		1,079,046	702,223
Creditors: Amounts falling due within one year	17	<u>(265,713)</u>	<u>(239,079)</u>
Net current assets		<u>813,333</u>	<u>463,144</u>
Total assets less current liabilities		2,973,143	2,969,346
Provisions for liabilities	18	<u>-</u>	<u>(82,958)</u>
Net assets		<u>2,973,143</u>	<u>2,886,388</u>
Capital and reserves			
Called up share capital	20	5,100	5,100
Retained earnings		<u>2,968,043</u>	<u>2,881,288</u>
Shareholders' funds		<u>2,973,143</u>	<u>2,886,388</u>

The company made a profit after tax for the financial period of £180,089 (2020 - profit of £185,508).

Approved and authorised by the Board on 6 September 2022 and signed on its behalf by:



 Mr H Johnston
 Director

Company registration number: 01339137

The notes on pages 13 to 32 form an integral part of these financial statements.

FRANK JOHNSTON (TRACTORS) LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021**

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit for the period		321,521	236,255
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	103,936	89,309
Profit on disposal of tangible assets		(81,036)	(38,783)
Finance income		(17,860)	(21,465)
Finance costs		9,126	13,030
Corporation tax expense	9	<u>33,739</u>	<u>64,027</u>
		369,426	342,373
Working capital adjustments			
(Increase)/decrease in stocks	14	(1,344,844)	1,342,377
Decrease/(increase) in trade debtors	15	289,203	(413,947)
Increase/(decrease) in trade creditors	17	<u>253,708</u>	<u>(668,689)</u>
Cash generated from operations		(432,507)	602,114
Corporation taxes paid	9	<u>(63,272)</u>	<u>(43,279)</u>
Net cash flow from operating activities		<u>(495,779)</u>	<u>558,835</u>
Cash flows from investing activities			
Interest received		17,860	21,465
Acquisitions of tangible assets		(773,236)	(109,610)
Proceeds from sale of tangible assets		<u>670,766</u>	<u>144,197</u>
Net cash flows from investing activities		<u>(84,610)</u>	<u>56,052</u>
Cash flows from financing activities			
Interest paid		(9,130)	(13,030)
Proceeds from bank borrowing draw downs		(49,999)	49,999
Dividends paid		<u>(93,333)</u>	<u>(80,000)</u>
Net cash flows from financing activities		<u>(152,462)</u>	<u>(43,031)</u>
Net (decrease)/increase in cash and cash equivalents		(732,851)	571,856
Cash and cash equivalents at 1 November		<u>(319,668)</u>	<u>(891,524)</u>
Cash and cash equivalents at 31 December		<u>(1,052,519)</u>	<u>(319,668)</u>

The notes on pages 13 to 32 form an integral part of these financial statements.

FRANK JOHNSTON (TRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021

1 GENERAL INFORMATION

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Montgomery Way
Rosehill Industrial Estate
Carlisle
CA1 2RW

These financial statements were authorised for issue by the Board on 6 September 2022.

2 ACCOUNTING POLICIES

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

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

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2021.

FRANK JOHNSTON (TRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021 (CONTINUED)

2 ACCOUNTING POLICIES (continued)

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual statement of income and retained earnings.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/Value Added Tax, returns, rebates and discounts and after eliminating sales within the company.

The group recognises revenue when:
The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the group's activities.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the reporting period date, with any gains or losses being taken to the statement of income.

FRANK JOHNSTON (TRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021 (CONTINUED)

2 ACCOUNTING POLICIES (continued)

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	15% or 12% straight line
Fixtures and fittings	12% straight line
Motor vehicles	12% straight line

No depreciation has been provided for on the freehold property as they are kept in a sound state of repair and in the opinion of the directors the residual value is so high and the useful economic life so long that the depreciation charge would be immaterial. This is not in accordance with FRS 102. The departure from the provisions of FRS 102 is required in order to give a true and fair view.

Investment property

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in the statement of income.

FRANK JOHNSTON (TRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021 (CONTINUED)

2 ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	10% straight line

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

FRANK JOHNSTON (TRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021 (CONTINUED)

2 ACCOUNTING POLICIES (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Recognition and measurement

Basic financial instruments are initially recognised at the transaction price.

Impairment

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

FRANK JOHNSTON (TRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021 (CONTINUED)

3 TURNOVER

The analysis of the group's turnover for the period from continuing operations is as follows:

	1 November 2020 to 31 December 2021 £	Year ended 31 October 2020 £
Sale of goods	16,486,652	12,401,763
Rendering of services	337,239	231,512
Commissions received	73,704	6,849
Other revenue	<u>10,927</u>	<u>371</u>
	<u>16,908,522</u>	<u>12,640,495</u>

4 OTHER OPERATING INCOME

The analysis of the group's other operating income for the year is as follows:

	1 November 2020 to 31 December 2021 £	Year to 31 October 2020 £
Government grants	-	72,654
Rent receivable and other income	<u>27,595</u>	<u>44,930</u>
	<u>27,595</u>	<u>117,584</u>

5 OPERATING PROFIT

Arrived at after charging/(crediting)

	1 November 2020 to 31 December 2021 £	Year ended 31 October 2020 £
Depreciation	92,436	77,809
Amortisation	11,500	11,500
Profit on disposal of property, plant and equipment	<u>(81,036)</u>	<u>(38,783)</u>

FRANK JOHNSTON (TRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021 (CONTINUED)

6 STAFF COSTS

The aggregate payroll costs (including directors' remuneration) were as follows:

	1 November 2020 to 31 December 2021	Year ended 31 October 2020
	£	£
Wages and salaries	998,130	864,314
Social security costs	78,017	78,015
Pension costs, defined contribution scheme	56,326	18,698
Other employee expense	5,517	4,973
	<u>1,137,990</u>	<u>966,000</u>

The average number of persons employed by the group (including directors) during the period, analysed by category was as follows:

	2021 No.	2020 No.
Administration and support	7	6
Sales	8	9
Other departments	18	19
	<u>33</u>	<u>34</u>

7 DIRECTORS' REMUNERATION

The directors' remuneration for the period was as follows:

	1 November 2020 to 31 December 2021	Year ended 31 October 2020
	£	£
Remuneration	18,466	12,384
Company contributions to defined contribution pension plans	35,000	-
	<u>53,466</u>	<u>12,384</u>

FRANK JOHNSTON (TRACTORS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021 (CONTINUED)****8 AUDITOR'S REMUNERATION**

	1 November 2020 to 31 December 2021 £	Year ended 31 October 2020 £
Audit of these financial statements	<u>10,000</u>	<u>10,000</u>
Other fees to auditors		
All other non-audit services	<u>7,292</u>	<u>10,000</u>

9 TAXATION

Tax charged/(credited) in the consolidated profit and loss account

	1 November 2020 to 31 December 2021 £	Year to 31 October 2020 £
Current taxation		
UK corporation tax	39,991	74,812
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(6,252)</u>	<u>(10,785)</u>
Tax expense in the income statement	<u>33,739</u>	<u>64,027</u>

The tax on profit before tax for the period is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

FRANK JOHNSTON (TRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021 (CONTINUED)

9 TAXATION (continued)

	1 November 2020 to 31 December 2021 £	Year ended 31 October 2020 £
Profit before tax	<u>355,260</u>	<u>300,282</u>
Corporation tax at standard rate	67,499	57,054
Tax (decrease)/increase from effect of capital allowances and depreciation	(27,508)	17,758
Tax decrease from other short-term timing differences	<u>(6,252)</u>	<u>(10,785)</u>
Total tax charge	<u>33,739</u>	<u>64,027</u>
Deferred tax		
Group		
Deferred tax assets and liabilities		Liability £
2021		
Accelerated capital allowances		<u>88,866</u>
		<u>88,866</u>
2020		Liability £
Accelerated capital allowances		<u>95,118</u>
		<u>95,118</u>
Company		
Deferred tax assets and liabilities		Liability £
2021		<u>-</u>
2020		Liability £
Accelerated capital allowances		<u>82,958</u>
		<u>82,958</u>

FRANK JOHNSTON (TRACTORS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021 (CONTINUED)****10 INTANGIBLE ASSETS****Group**

	Goodwill £	Total £
Cost or valuation		
At 1 November 2020	<u>115,000</u>	<u>115,000</u>
At 31 December 2021	<u>115,000</u>	<u>115,000</u>
Amortisation		
At 1 November 2020	43,125	43,125
Amortisation charge	<u>11,500</u>	<u>11,500</u>
At 31 December 2021	<u>54,625</u>	<u>54,625</u>
Carrying amount		
At 31 December 2021	<u>60,375</u>	<u>60,375</u>
At 31 October 2020	<u>71,875</u>	<u>71,875</u>

Company

	Goodwill £	Total £
Cost or valuation		
At 1 November 2020	<u>115,000</u>	<u>115,000</u>
At 31 December 2021	<u>115,000</u>	<u>115,000</u>
Amortisation		
At 1 November 2020	43,125	43,125
Amortisation charge	<u>11,500</u>	<u>11,500</u>
At 31 December 2021	<u>54,625</u>	<u>54,625</u>
Carrying amount		
At 31 December 2021	<u>60,375</u>	<u>60,375</u>
At 31 October 2020	<u>71,875</u>	<u>71,875</u>

FRANK JOHNSTON (TRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021 (CONTINUED)

11 TANGIBLE ASSETS

Group	Freehold property £	Fixtures and fittings £	Motor vehicles £	Plant and machinery £	Total £
Cost or valuation					
At 1 November 2020	263,584	199,115	769,612	111,914	1,344,225
Additions	-	26,647	713,173	33,416	773,236
Disposals	-	-	(748,199)	(4,650)	(752,849)
At 31 December 2021	<u>263,584</u>	<u>225,762</u>	<u>734,586</u>	<u>140,680</u>	<u>1,364,612</u>
Depreciation					
At 1 November 2020	-	130,909	421,623	62,023	614,555
Charge for the period	-	14,752	64,703	12,978	92,433
Eliminated on disposal	-	-	(159,283)	(3,836)	(163,119)
At 31 December 2021	<u>-</u>	<u>145,661</u>	<u>327,043</u>	<u>71,165</u>	<u>543,869</u>
Carrying amount					
At 31 December 2021	<u>263,584</u>	<u>80,101</u>	<u>407,543</u>	<u>69,515</u>	<u>820,743</u>
At 31 October 2020	<u>263,584</u>	<u>68,206</u>	<u>347,989</u>	<u>49,890</u>	<u>729,669</u>

FRANK JOHNSTON (TRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021 (CONTINUED)

11 TANGIBLE ASSETS (continued)

Company

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Plant and machinery £	Total £
Cost or valuation					
At 1 November 2020	263,584	108,930	759,107	45,116	1,176,737
Disposals	-	-	(471,316)	(4,650)	(475,966)
At 31 December 2021	<u>263,584</u>	<u>108,930</u>	<u>287,791</u>	<u>40,466</u>	<u>700,771</u>
Depreciation					
At 1 November 2020	-	108,930	418,160	40,243	567,333
Charge for the period	-	-	2,726	2,675	5,401
Eliminated on disposal	-	-	(142,638)	(3,836)	(146,474)
At 31 December 2021	<u>-</u>	<u>108,930</u>	<u>278,248</u>	<u>39,082</u>	<u>426,260</u>
Carrying amount					
At 31 December 2021	<u>263,584</u>	<u>-</u>	<u>9,543</u>	<u>1,384</u>	<u>274,511</u>
At 31 October 2020	<u>263,584</u>	<u>-</u>	<u>340,947</u>	<u>4,872</u>	<u>609,403</u>

FRANK JOHNSTON (TRACTORS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021 (CONTINUED)**

12 INVESTMENT PROPERTIES**Group**

	2021 £
At 1 November 2020 and 31 December 2021	<u>323,804</u>

Company

	2021 £
At 1 November 2020 and 31 December 2021	<u>323,804</u>

On the 31 December 2021 the carrying amount of the investment property was £323,804 (2020 - £323,804). The directors consider this to be the fair value of the property.

13 INVESTMENTS**Group**

The group has no investments.

Company

	31 December 2021 £	31 October 2020 £
Investments in subsidiaries	<u>1,501,120</u>	<u>1,501,120</u>

Subsidiaries**Cost or valuation**

At 1 November 2020 and 31 December 2021	<u>1,501,120</u>
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Provision**Carrying amount**

At 31 December 2021	<u>1,501,120</u>
At 31 October 2020	<u>1,501,120</u>

FRANK JOHNSTON (TRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021 (CONTINUED)

13 INVESTMENTS (continued)

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
Subsidiary undertakings				
Johnston Tractors Limited	Montgomery Way Rosehill Industrial Estate Carlisle CA1 2RW England and Wales	Ordinary	100%	100%
Johnston Excavators Limited	Montgomery Way Rosehill Industrial Estate Carlisle CA1 2RW England and Wales	Ordinary	60%	60%

The principal activity of Johnston Tractors Limited is tractor and machinery sales.

The principal activity of Johnston Excavators Limited is agricultural retail (company currently dormant)

The profit for the financial period of Johnston Tractors Limited was £141,434 (2020 - £50,745) and the aggregate amount of capital and reserves at the end of the period was £1,217,628 (2020 - £1,076,194).

14 STOCKS

	Group		Company	
	31 December 2021	31 October 2020	31 December 2021	31 October 2020
	£	£	£	£
Wholegoods and parts stock	<u>4,871,471</u>	<u>3,526,627</u>	<u>186,324</u>	<u>186,324</u>

FRANK JOHNSTON (TRACTORS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021 (CONTINUED)****15 DEBTORS**

		Group		Company	
		31 December 2021 £	31 October 2020 £	31 December 2021 £	31 October 2020 £
Current	Note				
Trade debtors		582,095	962,389	-	-
Amounts owed by related parties	23	4,447	-	887,008	507,948
Other debtors		114,862	15,757	436	-
Prepayments		<u>99,601</u>	<u>112,062</u>	<u>5,278</u>	<u>7,951</u>
		<u>801,005</u>	<u>1,090,208</u>	<u>892,722</u>	<u>515,899</u>

16 CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Cash on hand	220	220	-	-
Cash at bank	<u>68,369</u>	<u>7,603</u>	<u>-</u>	<u>-</u>
	68,589	7,823	-	-
Bank overdrafts	<u>(1,121,108)</u>	<u>(327,491)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents in statement of cash flows	<u>(1,052,519)</u>	<u>(319,668)</u>	<u>-</u>	<u>-</u>

FRANK JOHNSTON (TRACTORS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021 (CONTINUED)****17 CREDITORS**

	Note	Group		Company	
		31 December 2021 £	31 October 2020 £	31 December 2021 £	31 October 2020 £
Due within one year					
Loans and borrowings		1,121,108	330,268	-	-
Trade creditors		1,205,024	814,919	8,094	32,285
Amounts due to related parties	23	76,257	53,465	76,257	53,465
Social security and other taxes		-	116,469	-	-
Outstanding defined contribution pension costs		-	4,363	-	-
Other payables		64,961	58,946	64,961	58,946
Accruals		159,008	203,380	76,409	40,270
Corporation tax liability	9	39,992	63,273	39,992	54,113
		<u>2,666,350</u>	<u>1,645,083</u>	<u>265,713</u>	<u>239,079</u>
Due after one year					
Loans and borrowings		-	47,222	-	-

The following liabilities disclosed under creditors falling due within one year are secured by the company:

Bank loans and overdrafts £1,121,108 (2020: £327,490)

The above bank loans and overdrafts are secured by a debenture including fixed charge over all present freehold and leasehold property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertaking both present and future dated 25 August 2016.

A composite company limited multilateral guarantee dated 8 September 2016 has been given by Frank Johnston (Tractors) Limited and Johnston Tractors Limited.

FRANK JOHNSTON (TRACTORS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021 (CONTINUED)****18 DEFERRED TAX AND OTHER PROVISIONS****Group**

	Deferred tax	Total
	£	£
At 1 November 2020	95,118	95,118
Additional provisions	<u>(6,252)</u>	<u>(6,252)</u>
At 31 December 2021	<u>88,866</u>	<u>88,866</u>

Company

	Deferred tax	Total
	£	£
At 1 November 2020	82,958	82,958
Additional provisions	<u>(82,958)</u>	<u>(82,958)</u>
At 31 December 2021	<u>-</u>	<u>-</u>

19 PENSION AND OTHER SCHEMES**Defined contribution pension scheme**

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £56,326 (2020 - £18,698).

Contributions totalling £Nil (2020 - £4,363) were payable to the scheme at the end of the period and are included in creditors.

20 SHARE CAPITAL**Allotted, called up and fully paid shares**

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	5,000	5,000	5,000	5,000
Ordinary B shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
	<u>5,100</u>	<u>5,100</u>	<u>5,100</u>	<u>5,100</u>

FRANK JOHNSTON (TRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021 (CONTINUED)

20 SHARE CAPITAL (continued)

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The ordinary shares have attached to them full voting, dividend and capital distribution rights (including on winding up); they do not confer any rights of redemption.

Ordinary B Shares have the following rights, preferences and restrictions:

The ordinary B shares have attached to them non-voting rights, no rights to participate in a surplus on a winding up, rights to a dividend declared on the ordinary B shares, rights to a repayment of paid up capital only in the event of a winding up of the company.

21 RESERVES

Group

Profit and loss account

This reserve records retained earnings and accumulated profits.

22 DIVIDENDS

	2021	2020
	£	£
Interim dividend of £18.67 (2020 - £16.00) per ordinary share	<u>93,333</u>	<u>80,000</u>

FRANK JOHNSTON (TRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021 (CONTINUED)

23 RELATED PARTY TRANSACTIONS

Company

Mr Johnston is also a director of Agrigroup Limited and owns all of the issued share capital. Sales, including rent received, to Agrigroup Limited during the period amounted to £29,166 (2020: £31,047). At 31 December 2021 trade debtors include £4,448 (2020: £nil) due from Agrigroup Limited.

The company also occupies property owned by the company pension scheme, Johnston Tractors Pension Scheme, of which Mr H and Miss L Johnston are trustees. During the period rent of £11,325 (2020: £9,630) was paid by the company. At the year end there were no amounts outstanding.

The company occupies property owned by the directors and during the period rent of £32,613 (2020: £25,000) was paid by the company. At the year end there were no amounts outstanding.

During the period, dividends of £93,333 (2020: £80,000) were paid to the directors.

The directors are considered to be the key management personnel and details of their remuneration in the period can be found detailed in note 7.

During the period the company charged expenses and management charges totalling £206,073 to Johnston Tractors Limited (2020: £424,903).

At the period end the company was owed £882,681 (2020: £508,068) from Johnston Tractors Limited.

Transactions with directors

	At 1 November 2019 £	Repayments by director £	At 31 October 2020 £
2020			
Mr H Johnston			
Director's loan account	<u>4,562</u>	<u>(4,562)</u>	<u>-</u>

FRANK JOHNSTON (TRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2020 TO 31 DECEMBER 2021 (CONTINUED)

23 RELATED PARTY TRANSACTIONS (continued)

Group

Mr Johnston is also a director of Agrigroup Limited and owns all of the issued share capital. Sales, including rent received, to Agrigroup Limited during the period amounted to £29,166 (2020: £31,047). At 31 December 2021 trade debtors include £4,448 (2020: £nil) due from Agrigroup Limited.

The company also occupies property owned by the company pension scheme, Johnston Tractors Pension Scheme, of which Mr H and Miss L Johnston are trustees. During the period rent of £11,325 (2020: £9,630) was paid by the company. At the year end there were no amounts outstanding.

The company occupies property owned by the directors and during the period rent of £32,613 (2020: £25,000) was paid by the company. At the year end there were no amounts outstanding.

During the period, dividends of £93,333 (2020: £80,000) were paid to the directors.

The directors are considered to be the key management personnel and details of their remuneration in the period can be found detailed in note 7.

	At 1 November 2019 £	Repayments by director £	At 31 October 2020 £
2020			
Mr H Johnston			
Director's loan account	<u>4,562</u>	<u>(4,562)</u>	<u>-</u>