

REGISTERED NUMBER: 03866319 (England and Wales)

AGRITURF HOLDINGS LIMITED
GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017



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FOR THE YEAR ENDED 31 DECEMBER 2017**

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AGRITURF HOLDINGS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017**

DIRECTORS:

N R Burden
J W Wates
N E Wates
J Southern

SECRETARY:

J Southern

REGISTERED OFFICE:

Spalding Road
Sutterton
Boston
Lincolnshire
PE20 2ET

REGISTERED NUMBER:

03866319 (England and Wales)

AUDITORS:

Duncan & Toplis Limited, Statutory Auditor
5 Resolution Close
Endeavour Park
Boston
Lincolnshire
PE21 7TT

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their strategic report of the company and the group for the year ended 31 December 2017.

REVIEW OF BUSINESS

Total turnover for the group increased by 39% to £16.8m during 2017. This was achieved through significant growth in sales of the Groups principal franchised brand New Holland alongside continuing growth in the aftersales enterprises and sales of other brands in both the agricultural and groundcare sectors. The positive performances from these enterprises negated the difficult year experienced by the groundcare hire enterprises emphasising the benefits of having a mixed range enterprises across the whole agricultural and professional groundcare sectors. Ongoing cost controls enabled the group to report an operating profit of £336k an increase of 26% over 2016.

During 2017 the Group restructured its investments. The shares in AUK Limited have been transferred from The Burdens Group Limited to Agriturf Holdings Limited.

Key performance indicators ("KPI's")

The directors monitor all of the Group businesses using a range of KPI's and monthly management accounts. The turnover in 2017 increased by 39% over 2016.

	2017	2016
Turnover	£16.8m	£12.1m
Gross margin	12.4%	14.7%

Close control of working capital is also fundamental, with regular monitoring of bank and cash flows.

PRINCIPAL RISKS AND UNCERTAINTIES

The agricultural and horticultural markets are affected by both global and local supply and demand of commodities, and weather conditions, which can impact on their ability to invest in new machinery and/or aftersales purchases. By being able to supply a wide range of machinery for different crop types the company is able to mitigate some of these risks. Professional groundcare machinery is supplied to a range of buyers including local authorities, contractors and golf courses, this also provides a spread of risk across the whole sector.

Exposure to foreign currency risk on imported machinery purchases is minimised by the forward purchase of currency at the point of order.

ON BEHALF OF THE BOARD:



N R Burden - Director

29 March 2018

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the distribution, hire and repair of agricultural, horticultural, professional groundcare and industrial equipment.

DIVIDENDS

The total distribution for the year ended 31 December 2017 is £25,000 (2016 - £25,000).

FUTURE DEVELOPMENTS

The Group continues to expect to see future growth in its investments. Despite the uncertainties created by Brexit the Group maintains a positive outlook for its investments. The New Holland, Alpego and Ransomes Jacobsen brands continue to grow with increasing wholegoods sales leading to additional aftersales business across the Group.

The outlook for the hire fleet looks positive as operators strive to reduce the size of owned vehicle fleets.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

N R Burden
J W Wates
N E Wates
J Southern

DIRECTORS' INDEMNITIES

A qualifying third party indemnity provision is in place for the directors of the company. This covers liability for the actions of directors and officers of the company and associated costs including legal costs.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the group 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 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'N R Burden', written in a cursive style.

N R Burden - Director

29 March 2018

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AGRITURF HOLDINGS LIMITED

Opinion

We have audited the financial statements of Agriturf Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 on pages seven to twenty six. 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).

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 a Report of the Auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2017 and of the group's 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.

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 Auditors' 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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 matters 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AGRITURF HOLDINGS LIMITED**

Matters on which we are required to report by exception

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

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

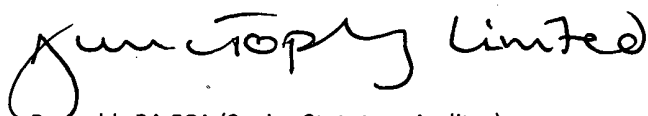
As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Our 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 a Report of the Auditors 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.



Adrian Reynolds BA FCA (Senior Statutory Auditor)
for and on behalf of Duncan & Toplis Limited, Statutory Auditor
5 Resolution Close
Endeavour Park
Boston
Lincolnshire
PE21 7TT

29 March 2018

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
TURNOVER	3	16,807,134	12,087,266
Cost of sales		<u>14,734,917</u>	<u>10,307,389</u>
GROSS PROFIT		2,072,217	1,779,877
Administrative expenses		<u>1,736,580</u>	<u>1,512,891</u>
OPERATING PROFIT	5	335,637	266,986
Interest payable and similar expenses	6	<u>162,339</u>	<u>184,154</u>
PROFIT BEFORE TAXATION		173,298	82,832
Tax on profit	7	<u>(37,457)</u>	<u>23,629</u>
PROFIT FOR THE FINANCIAL YEAR		210,755	59,203
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>210,755</u></u>	<u><u>59,203</u></u>
Profit attributable to: Owners of the parent		<u><u>210,755</u></u>	<u><u>59,203</u></u>
Total comprehensive income attributable to: Owners of the parent		<u><u>210,755</u></u>	<u><u>59,203</u></u>

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	10	3,645,540	3,623,363
Investments	11	-	-
		<u>3,645,540</u>	<u>3,623,363</u>
CURRENT ASSETS			
Stocks	12	4,937,407	3,637,820
Debtors	13	2,679,860	2,233,938
Cash in hand		916	1,440
		<u>7,618,183</u>	<u>5,873,198</u>
CREDITORS			
Amounts falling due within one year	14	<u>(7,370,996)</u>	<u>(5,606,175)</u>
NET CURRENT ASSETS		<u>247,187</u>	<u>267,023</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,892,727</u>	<u>3,890,386</u>
CREDITORS			
Amounts falling due after more than one year	15	<u>(1,607,341)</u>	<u>(1,753,287)</u>
PROVISIONS FOR LIABILITIES	20	<u>(68,412)</u>	<u>(105,880)</u>
NET ASSETS		<u><u>2,216,974</u></u>	<u><u>2,031,219</u></u>
CAPITAL AND RESERVES			
Called up share capital	21	1,000,000	1,000,000
Revaluation reserve	22	185,342	188,102
Retained earnings	22	<u>1,031,632</u>	<u>843,117</u>
SHAREHOLDERS' FUNDS		<u><u>2,216,974</u></u>	<u><u>2,031,219</u></u>

The financial statements were approved by the Board of Directors on 29 March 2018 and were signed on its behalf by:



N R Burden - Director



J Southern - Director

The notes form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	10	-	-
Investments	11	<u>2,216,974</u>	<u>2,031,219</u>
		<u>2,216,974</u>	<u>2,031,219</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>2,216,974</u></u>	<u><u>2,031,219</u></u>
CAPITAL AND RESERVES			
Called up share capital	21	1,000,000	1,000,000
Revaluation reserve	22	1,110,476	1,031,219
Retained earnings	22	<u>106,498</u>	-
SHAREHOLDERS' FUNDS		<u><u>2,216,974</u></u>	<u><u>2,031,219</u></u>
Company's profit for the financial year		<u><u>131,498</u></u>	<u><u>25,000</u></u>

The financial statements were approved by the Board of Directors on 29 March 2018 and were signed on its behalf by:



N R Burden - Director



J Southern - Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 January 2016	1,000,000	806,154	190,862	1,997,016
Changes in equity				
Dividends	-	(25,000)	-	(25,000)
Total comprehensive income	-	61,963	(2,760)	59,203
Balance at 31 December 2016	<u>1,000,000</u>	<u>843,117</u>	<u>188,102</u>	<u>2,031,219</u>
Changes in equity				
Dividends	-	(25,000)	-	(25,000)
Total comprehensive income	-	213,515	(2,760)	210,755
Balance at 31 December 2017	<u>1,000,000</u>	<u>1,031,632</u>	<u>185,342</u>	<u>2,216,974</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 January 2016	1,000,000	-	997,018	1,997,018
Changes in equity				
Dividends	-	(25,000)	-	(25,000)
Total comprehensive income	-	25,000	34,201	59,201
Balance at 31 December 2016	<u>1,000,000</u>	<u>-</u>	<u>1,031,219</u>	<u>2,031,219</u>
Changes in equity				
Dividends	-	(25,000)	-	(25,000)
Total comprehensive income	-	131,498	79,257	210,755
Balance at 31 December 2017	<u>1,000,000</u>	<u>106,498</u>	<u>1,110,476</u>	<u>2,216,974</u>

The notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	977,423	419,824
Interest paid		(76,688)	(81,803)
Interest element of hire purchase payments paid		(85,651)	(102,351)
Tax paid		(3,204)	-
Net cash from operating activities		<u>811,880</u>	<u>235,670</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,754,995)	(1,472,742)
Sale of tangible fixed assets		<u>1,150,756</u>	<u>1,239,886</u>
Net cash from investing activities		<u>(604,239)</u>	<u>(232,856)</u>
Cash flows from financing activities			
Loan repayments in year		(32,587)	(30,487)
New hire purchase in year		3,071,596	3,018,743
Capital repayments in year		(3,062,770)	(3,035,073)
Equity dividends paid		<u>(25,000)</u>	<u>(25,000)</u>
Net cash from financing activities		<u>(48,761)</u>	<u>(71,817)</u>
Increase/(decrease) in cash and cash equivalents		<u>158,880</u>	<u>(69,003)</u>
Cash and cash equivalents at beginning of year	2	<u>(210,633)</u>	<u>(141,630)</u>
Cash and cash equivalents at end of year	2	<u><u>(51,753)</u></u>	<u><u>(210,633)</u></u>

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017	2016
	£	£
Profit before taxation	173,298	82,832
Depreciation charges	764,171	648,098
Profit on disposal of fixed assets	(182,109)	(199,175)
Finance costs	<u>162,339</u>	<u>184,154</u>
	917,699	715,909
Increase in stocks	(1,299,587)	(235,261)
(Increase)/decrease in trade and other debtors	(445,922)	13,421
Increase/(decrease) in trade and other creditors	<u>1,805,233</u>	<u>(74,245)</u>
Cash generated from operations	<u><u>977,423</u></u>	<u><u>419,824</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2017

	31/12/17	1/1/17
	£	£
Cash and cash equivalents	916	1,440
Bank overdrafts	<u>(52,669)</u>	<u>(212,073)</u>
	<u><u>(51,753)</u></u>	<u><u>(210,633)</u></u>

Year ended 31 December 2016

	31/12/16	1/1/16
	£	£
Cash and cash equivalents	1,440	480,950
Bank overdrafts	<u>(212,073)</u>	<u>(622,580)</u>
	<u><u>(210,633)</u></u>	<u><u>(141,630)</u></u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. STATUTORY INFORMATION

Agriturf Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been 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. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Basis of consolidation

The consolidated financial statements comprise the audited financial statements of the company and its subsidiary undertakings for the year to 31 December 2017.

The consolidated financial statements have been prepared in accordance with the principles of acquisition accounting as set out in FRS 102.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Significant judgements and estimates

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES - continued

Turnover

Turnover is measured at fair value of the consideration received or receivable net of VAT and trade discounts. The policies adopted for the recognition of turnover are as follows:

Sale of goods and services

Turnover for the sale of agricultural machinery, parts and service is recognised when significant risks and rewards of ownership of goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Income is recognised upon the supply of goods or services to the customer. Equipment rentals receivable are credited to the Income Statement over the period to which they relate.

Interest receivable

Interest income is recognised using the effective interest method.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Freehold buildings	1% to 4% of cost or value
Leasehold land and buildings	4% to 25% of cost
Motor vehicles	16.7% to 25% of cost
Plant and machinery	10% to 100% of cost
Fixtures and fittings	10% to 25% of cost

Within plant and machinery, assets held for the agricultural hire fleet are depreciated on a machine hour basis based on their budgeted usage during their useful economic life.

No depreciation is provided on freehold land.

The part of the annual depreciation charge on revalued assets which relates to the surplus is transferred from the revaluation reserve to the income statement.

Revaluation of properties:-

Previous valuations were adopted as deemed cost on transition to FRS102.

Stocks

Stocks and work in progress are stated at the lower of cost and estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving stock.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES - continued

Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks, other third parties and related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the financial reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an 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.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Foreign currencies

Foreign currency transactions are initially recognised by applying the foreign currency amount at spot exchange rate between the functional currency and the foreign currency at the date of transaction.

Monetary assets and liabilities denominated in a foreign currency at the statement of financial position date are translated using the closing rate.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the statement of financial position. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Assets held for leasing and leasing income

Tangible assets held for leasing are included within the relevant fixed asset category at cost and depreciated in line with the accounting policies.

Income from the hiring out of machines is accounted for in the period to which the income relates.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2017 £	2016 £
United Kingdom	16,420,798	11,930,658
Europe	<u>386,336</u>	<u>156,608</u>
	<u>16,807,134</u>	<u>12,087,266</u>

4. EMPLOYEES AND DIRECTORS

	2017 £	2016 £
Wages and salaries	1,909,352	1,794,191
Social security costs	198,598	168,580
Other pension costs	<u>48,363</u>	<u>43,911</u>
	<u>2,156,313</u>	<u>2,006,682</u>

The average monthly number of employees during the year was as follows:

	2017	2016
Directors	4	4
Operations	56	51
Selling and administration	<u>11</u>	<u>10</u>
	<u>71</u>	<u>65</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

4. EMPLOYEES AND DIRECTORS - continued

	2017	2016
	£	£
Directors' remuneration	135,743	130,127
Directors' pension contributions to money purchase schemes	<u>3,298</u>	<u>3,229</u>

The number of directors to whom retirement benefits were accruing was as follows:

	1	1
Money purchase schemes	<u>1</u>	<u>1</u>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation - owned assets	220,888	185,301
Depreciation - assets on hire purchase contracts	543,283	462,797
Profit on disposal of fixed assets	(182,109)	(199,175)
Auditors' remuneration	20,450	15,995
Auditors' remuneration for non audit work	8,068	4,755
Property rents	90,719	83,312
Foreign exchange differences	<u>14,533</u>	<u>(16,550)</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Bank interest	20,918	27,015
Stocking loan interest	55,770	54,788
Hire purchase interest	<u>85,651</u>	<u>102,351</u>
	<u>162,339</u>	<u>184,154</u>

7. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit for the year was as follows:

	2017	2016
	£	£
Current tax:		
UK corporation tax	11	3,204
Deferred tax	<u>(37,468)</u>	<u>20,425</u>
Tax on profit	<u>(37,457)</u>	<u>23,629</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

7. TAXATION - continued

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £	2016 £
Profit before tax	<u>173,298</u>	<u>82,832</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2016 - 20%)	32,927	16,566
Effects of:		
Expenses not deductible for tax purposes	1,574	1,123
Capital item adjustment	(1,629)	(836)
Deferred tax charge not recognised as covered by losses	-	8,647
Change in rate	(1)	(1,871)
Deferred tax charge previously not recognised	<u>(70,328)</u>	<u>-</u>
Total tax (credit)/charge	<u>(37,457)</u>	<u>23,629</u>

8. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. DIVIDENDS

	2017 £	2016 £
Ordinary shares of £1 each		
Interim	<u>25,000</u>	<u>25,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

10. TANGIBLE FIXED ASSETS

Group	Freehold property £	Short leasehold £	Plant and machinery £
COST			
At 1 January 2017	703,944	37,388	3,549,724
Additions	17,876	1,140	1,496,015
Disposals	-	-	(1,515,987)
At 31 December 2017	<u>721,820</u>	<u>38,528</u>	<u>3,529,752</u>
DEPRECIATION			
At 1 January 2017	99,391	33,371	1,013,653
Charge for year	24,703	1,193	577,332
Eliminated on disposal	-	-	(571,415)
At 31 December 2017	<u>124,094</u>	<u>34,564</u>	<u>1,019,570</u>
NET BOOK VALUE			
At 31 December 2017	<u>597,726</u>	<u>3,964</u>	<u>2,510,182</u>
At 31 December 2016	<u>604,553</u>	<u>4,017</u>	<u>2,536,071</u>
	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 January 2017	636,774	791,843	5,719,673
Additions	79,510	160,454	1,754,995
Disposals	(57,430)	(52,950)	(1,626,367)
At 31 December 2017	<u>658,854</u>	<u>899,347</u>	<u>5,848,301</u>
DEPRECIATION			
At 1 January 2017	562,431	387,464	2,096,310
Charge for year	36,035	124,908	764,171
Eliminated on disposal	(42,355)	(43,950)	(657,720)
At 31 December 2017	<u>556,111</u>	<u>468,422</u>	<u>2,202,761</u>
NET BOOK VALUE			
At 31 December 2017	<u>102,743</u>	<u>430,925</u>	<u>3,645,540</u>
At 31 December 2016	<u>74,343</u>	<u>404,379</u>	<u>3,623,363</u>

Included in cost of land and buildings is freehold land of £416,000 (2016 - £416,000) which is not depreciated.

The net book value of tangible fixed assets includes £2,777,950 (2016 - £2,472,422) in respect of assets held under hire purchase contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

11. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST OR VALUATION	
At 1 January 2017	2,031,219
Additions	1,106,498
Revaluations	<u>(920,743)</u>
At 31 December 2017	<u>2,216,974</u>
NET BOOK VALUE	
At 31 December 2017	<u>2,216,974</u>
At 31 December 2016	<u>2,031,219</u>

Cost or valuation at 31 December 2017 is represented by:

	Shares in group undertakings £
Valuation in 2017	<u>2,216,974</u>

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiary

Name of subsidiary	% Held	Principle activity
The Burdens Group Limited	100	The distribution, hire and repair of agricultural, horticultural and construction machinery.
AUK Limited	100	The distribution of agricultural machinery.
Agriturf Limited	100	Dormant
Turfleet Hire Limited	100	* Hire of machinery
First Tractors Limited	100	* Dormant

All of the above are £1 Ordinary shares and are companies registered in England and Wales.

* Held by a subsidiary undertaking.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

12. STOCKS

	Group	
	2017	2016
	£	£
Stocks	4,894,776	3,600,037
Work-in-progress	<u>42,631</u>	<u>37,783</u>
	<u>4,937,407</u>	<u>3,637,820</u>

Stock recognised as an expense in the period amounted to £12,875,454 (2016 - £8,674,306).

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2017	2016
	£	£
Trade debtors	2,204,901	2,150,513
Other debtors	89,188	-
Prepayments and accrued income	<u>385,771</u>	<u>83,425</u>
	<u>2,679,860</u>	<u>2,233,938</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2017	2016
	£	£
Bank loans and overdrafts (see note 16)	86,326	244,851
Other loans (see note 16)	717,714	746,570
Hire purchase contracts (see note 17)	867,551	717,389
Trade creditors	4,883,052	3,125,152
Taxation	11	3,204
Other taxes and social security	81,147	88,199
VAT	130,301	281,123
Accruals and deferred income	<u>604,894</u>	<u>399,687</u>
	<u>7,370,996</u>	<u>5,606,175</u>

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

	Group	
	2017	2016
	£	£
Bank loans (see note 16)	280,535	314,001
Other loans (see note 16)	121,982	114,402
Hire purchase contracts (see note 17)	<u>1,204,824</u>	<u>1,324,884</u>
	<u>1,607,341</u>	<u>1,753,287</u>

The bank loans are repayable in instalments over 5 and 10 years. The interest rates charged on the loans are 4.25% and 3.25% over base rate, respectively.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	52,669	212,073
Bank loans	33,657	32,778
Other loans	<u>717,714</u>	<u>746,570</u>
	<u>804,040</u>	<u>991,421</u>
Amounts falling due between one and two years:		
Bank loans	71,990	34,323
Other loans	<u>71,267</u>	<u>69,776</u>
	<u>143,257</u>	<u>104,099</u>
Amounts falling due between two and five years:		
Bank loans	87,501	106,938
Other loans	<u>50,715</u>	<u>44,626</u>
	<u>138,216</u>	<u>151,564</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>121,044</u>	<u>172,740</u>

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2017	2016
	£	£
Net obligations repayable:		
Within one year	867,551	717,389
Between one and five years	<u>1,204,824</u>	<u>1,324,884</u>
	<u>2,072,375</u>	<u>2,042,273</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. LEASING AGREEMENTS - continued

Group

	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	34,068	31,533
Between one and five years	84,178	136,178
In more than five years	866	1,559
	<u>119,112</u>	<u>169,270</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2017	2016
	£	£
Bank overdrafts	52,669	212,073
Bank loans	314,192	346,779
Other loans	839,696	860,972
Hire purchase contracts	<u>2,072,375</u>	<u>2,042,273</u>
	<u>3,278,932</u>	<u>3,462,097</u>

The bank loans and overdrafts are secured by a fixed charge on the freehold land and buildings and a floating charge over other assets. Other loans are secured by way of a floating charge over certain stocks.

A cross guarantee is in place, as described in the contingent liabilities note to the financial statements.

Liabilities under hire purchase contracts are secured on the assets to which they relate.

The ultimate controlling party has also guaranteed any balances due to a main supplier of The Burdens Group Limited.

19. FINANCIAL INSTRUMENTS

The group has the following financial instruments:

	2017	2016
	£	£
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	2,204,901	2,150,513
Financial liabilities measured at amortised cost		
Bank loans and overdrafts	366,861	558,852
Hire purchase	2,072,375	2,042,273
Other loans	839,696	860,972
Trade creditors	4,883,052	3,125,152

There is no interest income or expense for financial assets and liabilities that are not measured at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

20. PROVISIONS FOR LIABILITIES

	Group	
	2017 £	2016 £
Deferred tax		
Accelerated capital allowances	255,254	105,880
Losses	(186,842)	-
	<u>68,412</u>	<u>105,880</u>
Group		
		Deferred tax £
Balance at 1 January 2017		105,880
Credit to Statement of Comprehensive Income during year		(37,468)
Balance at 31 December 2017		<u>68,412</u>

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2017 £	2016 £
1,000,000	Ordinary	£1	<u>1,000,000</u>	<u>1,000,000</u>

22. RESERVES

Group			
	Retained earnings £	Revaluation reserve £	Totals £
At 1 January 2017	843,117	188,102	1,031,219
Profit for the year	210,755	-	210,755
Dividends	(25,000)	-	(25,000)
Transfer from revaluation reserve	<u>2,760</u>	<u>(2,760)</u>	-
At 31 December 2017	<u>1,031,632</u>	<u>185,342</u>	<u>1,216,974</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

22. RESERVES - continued

Company	Retained earnings £	Revaluation reserve £	Totals £
At 1 January 2017	-	1,031,219	1,031,219
Profit for the year	131,498	-	131,498
Dividends	(25,000)	-	(25,000)
Transfer from revaluation reserve	-	79,257	79,257
At 31 December 2017	<u>106,498</u>	<u>1,110,476</u>	<u>1,216,974</u>

The group's revaluation reserve relates to a previous revaluation of freehold land and buildings. No liability to taxation arises if the freehold land and buildings are sold at their book amount.

The company's revaluation reserve arises on the revaluation of subsidiary undertakings to net asset value. Deferred taxation is not provided on the revaluation of subsidiary undertakings as the directors do not believe that these amounts will give rise to taxation liabilities. No liability to taxation arises if the freehold land and buildings are sold at their book amount.

23. CONTINGENT LIABILITIES

Under the composite accounting agreement the group has guaranteed the bank borrowing of group undertakings which amounted to £366,861 (2016 - £557,063) and the group's assets are subject to a debenture in favour of the bank.

24. RELATED PARTY DISCLOSURES

During the year, a total of key management personnel compensation of £272,819 (2016 - £259,911) was paid.

25. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is a trust of which Mr J R F Lulham and Mr N E Wates are trustees.