

COMPANY REGISTRATION NUMBER: 07860331

Registrar of Companies

JOHNSTON TRACTORS LIMITED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 OCTOBER 2018

WEDNESDAY



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31/07/2019
COMPANIES HOUSE

JOHNSTON TRACTORS LIMITED

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JOHNSTON TRACTORS LIMITED

COMPANY INFORMATION

Directors	Mr H Johnston Miss L Johnston
Registered office	Montgomery Way Rosehill Industrial Estate Carlisle CA1 2RW
Bankers	Barclays Bank plc 33 English Street Carlisle CA3 8JX HSBC Bank plc 29 English Street Carlisle CA3 8JW
Auditors	David Allen Chartered Accountants & Statutory Auditor Dalmar House Barras Lane Estate Dalston Carlisle CA5 7NY

JOHNSTON TRACTORS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2018

The directors present their strategic report for the year ended 31 October 2018.

PRINCIPAL ACTIVITY

The principal activity of the company is tractor and machinery sales.

FAIR REVIEW OF THE BUSINESS

The company has had another good year, sales have increased, the gross profit margin has decreased slightly from 8% to 7%. Overheads have increased and the operating profit margin is 2%.

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

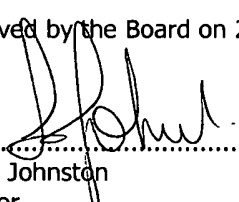
	Unit	2018	2017
Turnover	£	20,101,752	19,046,265
Gross profit	£	1,429,861	1,465,196
Gross profit percentage	%	7	8
Operating profit percentage	%	2	3
Creditors days		13	26
Debtors days		21	18

PRINCIPAL RISKS AND UNCERTAINTIES

The prospects for the forthcoming financial year look good. Though the market remains competitive, indications are that demand for new equipment will continue.

The directors are satisfied with the company's level of activities, profits generated and the continued growth 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 and maintain profitability in the coming year.

Approved by the Board on 25 July 2019 and signed on its behalf by:


.....
Miss L Johnston
Director

JOHNSTON TRACTORS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2018

The directors present their report and the financial statements for the year ended 31 October 2018.

DIRECTORS OF THE COMPANY

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

Mr H Johnston

Miss L Johnston

FINANCIAL INSTRUMENTS

Objectives and policies

The company uses basic financial instruments, including 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.

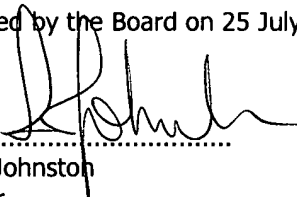
DISCLOSURE OF INFORMATION TO THE AUDITORS

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 auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are 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 by the Board on 25 July 2019 and signed on its behalf by:


.....
Miss L Johnston
Director

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

JOHNSTON TRACTORS LIMITED

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

OPINION

We have audited the financial statements of Johnston Tractors Limited (the 'company') for the year ended 31 October 2018, which comprise the Statement of income and retained earnings, Balance sheet, 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 company 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 company'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.

JOHNSTON TRACTORS LIMITED

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

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the directors' report and strategic 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 year 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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.

JOHNSTON TRACTORS LIMITED

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

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

JOHNSTON TRACTORS LIMITED

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

.....
ALISON WELTON (Senior Statutory Auditor)

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

Dalmar House
Barras Lane Estate
Dalston
Carlisle
CA5 7NY

25 July 2019

JOHNSTON TRACTORS LIMITED**STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 OCTOBER 2018**

	Note	2018 £	2017 £
Turnover	3	20,101,752	19,046,265
Cost of sales		<u>18,671,891</u>	<u>17,581,069</u>
Gross profit		1,429,861	1,465,196
Administrative expenses		956,910	890,848
Other operating income	4	<u>2,348</u>	<u>3,987</u>
Operating profit	5	<u>475,299</u>	<u>578,335</u>
Other interest receivable and similar income		23,089	5,910
Interest payable and similar charges		<u>(37,862)</u>	<u>(7,413)</u>
		<u>(14,773)</u>	<u>(1,503)</u>
Profit before tax		460,526	576,832
Taxation	9	<u>(87,500)</u>	<u>(111,931)</u>
Profit for the financial year		373,026	464,901
Retained earnings brought forward		<u>652,120</u>	<u>187,219</u>
Retained earnings carried forward		<u>1,025,146</u>	<u>652,120</u>

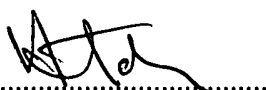
The notes on pages 12 to 23 form an integral part of these financial statements.

JOHNSTON TRACTORS LIMITED

BALANCE SHEET AS AT 31 OCTOBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	10	106,008	34,646
Current assets			
Stocks	11	3,315,643	3,790,227
Debtors	12	1,357,656	1,218,290
Cash at bank and in hand		<u>230,240</u>	<u>168,456</u>
		4,903,539	5,176,973
Creditors: Amounts falling due within one year	14	<u>(2,479,669)</u>	<u>(4,556,050)</u>
Net current assets		<u>2,423,870</u>	<u>620,923</u>
Total assets less current liabilities		2,529,878	655,569
Provisions for liabilities	15	<u>(3,732)</u>	<u>(2,449)</u>
Net assets		<u>2,526,146</u>	<u>653,120</u>
Capital and reserves			
Called up share capital	17	1,501,000	1,000
Profit and loss account	18	<u>1,025,146</u>	<u>652,120</u>
Total equity		<u>2,526,146</u>	<u>653,120</u>

Approved and authorised by the Board on 25 July 2019 and signed on its behalf by:



Mr H Johnston
Director

Company registration number: 07860331

The notes on pages 12 to 23 form an integral part of these financial statements.

JOHNSTON TRACTORS LIMITED**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 OCTOBER 2018**

	Note	2018 £	2017 £
Cash flows from operating activities			
Profit for the year		373,026	464,901
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	12,206	67
Finance income		(23,089)	(5,910)
Finance costs		19,862	25,368
Corporation tax expense	9	87,500	111,931
		469,505	596,357
Working capital adjustments			
Decrease/(increase) in stocks	11	474,584	(1,126,340)
Increase in trade debtors	12	(139,366)	(71,320)
(Decrease)/increase in trade creditors	14	(1,476,355)	328,997
Cash generated from operations		(671,632)	(272,306)
Corporation taxes paid	9	(109,483)	(46,805)
Net cash flow from operating activities		(781,115)	(319,111)
Cash flows from investing activities			
Interest received		23,089	5,910
Acquisitions of tangible assets		(83,567)	(34,713)
Net cash flows from investing activities		(60,478)	(28,803)
Cash flows from financing activities			
Interest paid		(19,862)	(25,368)
Proceeds from issue of ordinary shares, net of issue costs		1,500,000	-
Net cash flows from financing activities		1,480,138	(25,368)
Net increase/(decrease) in cash and cash equivalents		638,545	(373,282)
Cash and cash equivalents at 1 November		(880,346)	(507,064)
Cash and cash equivalents at 31 October		(241,801)	(880,346)

The notes on pages 12 to 23 form an integral part of these financial statements.

JOHNSTON TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

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 25 July 2019.

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 £.

JOHNSTON TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018 (CONTINUED)

2 ACCOUNTING POLICIES (continued)

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 company's activities. Turnover is shown net of sales/Value Added Tax, returns, rebates and discounts.

The company 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 company's activities.

Foreign currency transactions and balances

Foreign currency transactions are initially recorded in the functional currency, 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 rate ruling at the reporting date, with any gains or losses being taken to the statement of income.

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 company operates and generates taxable income.

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

JOHNSTON TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018 (CONTINUED)

2 ACCOUNTING POLICIES (continued)

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% straight line
Fixtures and fittings	15% straight line
Motor vehicles	12% or 15% 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 company 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.

JOHNSTON TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018 (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 company 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 company 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.

JOHNSTON TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018 (CONTINUED)

3 TURNOVER

The analysis of the company's revenue for the year from continuing operations is as follows:

	2018 £	2017 £
Sale of goods	19,588,672	18,594,624
Rendering of services	495,825	428,095
Commissions received	17,255	23,546
	<u>20,101,752</u>	<u>19,046,265</u>

4 OTHER OPERATING INCOME

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

	2018 £	2017 £
Scrap income	<u>2,348</u>	<u>3,987</u>

5 Operating profit

Arrived at after charging/(crediting)

	2018 £	2017 £
Depreciation	12,206	67
Impairment loss	-	1,108
Foreign exchange losses/(gains)	<u>18,000</u>	<u>(17,955)</u>

6 STAFF COSTS

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

	2018 £	2017 £
Wages and salaries	1,045,075	926,858
Social security costs	95,040	71,363
Pension costs, defined contribution scheme	12,284	58,329
Other employee expenses	<u>13,699</u>	<u>8,189</u>
	<u>1,166,098</u>	<u>1,064,739</u>

JOHNSTON TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018 (CONTINUED)

6 STAFF COSTS (continued)

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

	2018 No.	2017 No.
Administration and support	7	5
Sales	7	10
Other departments	25	25
	<u>39</u>	<u>40</u>

7 DIRECTORS' REMUNERATION

The directors' remuneration for the year was as follows:

	2018 £	2017 £
Remuneration	12,000	12,000
Contributions paid to defined contribution plans	-	52,000
	<u>12,000</u>	<u>64,000</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2018 No.	2017 No.
Defined contribution plans	<u>2</u>	<u>2</u>

JOHNSTON TRACTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018
(CONTINUED)****8 AUDITOR'S REMUNERATION**

	2018 £	2017 £
Audit of the financial statements	<u>5,000</u>	<u>5,000</u>
Other fees to auditors		
All other non-audit services	<u>9,450</u>	<u>9,425</u>

9 TAXATION

Tax charged/(credited) in the income statement

	2018 £	2017 £
Current taxation		
UK corporation tax	86,217	109,482
Deferred taxation		
Arising from origination and reversal of timing differences	<u>1,283</u>	<u>2,449</u>
Tax expense in the income statement	<u>87,500</u>	<u>111,931</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017 - 19.41%).

The differences are reconciled below:

	2018 £	2017 £
Profit before tax	<u>460,526</u>	<u>576,832</u>
Corporation tax at standard rate	87,500	111,963
Tax increase (decrease) from effect of capital allowances and depreciation	(1,283)	(2,481)
Tax increase (decrease) from other short-term timing differences	<u>1,283</u>	<u>2,449</u>
Total tax charge	<u>87,500</u>	<u>111,931</u>

JOHNSTON TRACTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018
(CONTINUED)****9 TAXATION (continued)****Deferred tax**

Deferred tax assets and liabilities

	Liability £
2018	
Accelerated capital allowances	<u>3,732</u>
2017	
Accelerated capital allowances	<u>2,449</u>

10 TANGIBLE ASSETS

	Fixtures and fittings £	Motor vehicles £	Plant and machinery £	Total £
Cost or valuation				
At 1 November 2017	18,979	-	15,734	34,713
Additions	<u>27,372</u>	<u>10,505</u>	<u>45,690</u>	<u>83,567</u>
At 31 October 2018	<u>46,351</u>	<u>10,505</u>	<u>61,424</u>	<u>118,280</u>
Depreciation				
At 1 November 2017	23	-	44	67
Charge for the year	<u>4,943</u>	<u>942</u>	<u>6,320</u>	<u>12,205</u>
At 31 October 2018	<u>4,966</u>	<u>942</u>	<u>6,364</u>	<u>12,272</u>
Carrying amount				
At 31 October 2018	<u>41,385</u>	<u>9,563</u>	<u>55,060</u>	<u>106,008</u>
At 31 October 2017	<u>18,956</u>	<u>-</u>	<u>15,690</u>	<u>34,646</u>

11 STOCKS

	2018 £	2017 £
Wholegoods and parts stock	<u>3,315,643</u>	<u>3,790,227</u>

JOHNSTON TRACTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018
(CONTINUED)****12 DEBTORS**

	2018	2017
	£	£
Trade debtors	1,202,521	956,774
Other debtors	30,176	42,914
Prepayments	<u>124,959</u>	<u>218,602</u>
Total current trade and other debtors	<u>1,357,656</u>	<u>1,218,290</u>

13 CASH AND CASH EQUIVALENTS

	2018	2017
	£	£
Cash on hand	220	220
Cash at bank	<u>230,020</u>	<u>168,236</u>
	230,240	168,456
Bank overdrafts	<u>(472,041)</u>	<u>(1,048,802)</u>
Cash and cash equivalents in statement of cash flows	<u>(241,801)</u>	<u>(880,346)</u>

14 CREDITORS

	Note	2018	2017
		£	£
Due within one year			
Loans and borrowings		472,041	1,048,802
Trade creditors		940,644	1,382,608
Amounts due to related parties	19	192,988	1,826,115
Social security and other taxes		407,049	66,471
Outstanding defined contribution pension costs		2,985	2,272
Accrued expenses		377,746	120,300
Corporation tax liability	9	<u>86,216</u>	<u>109,482</u>
		<u>2,479,669</u>	<u>4,556,050</u>

JOHNSTON TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018 (CONTINUED)

14 CREDITORS (continued)

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

Bank loans and overdrafts £472,041 (2017: £1,048,802)

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.

15 DEFERRED TAX AND OTHER PROVISIONS

	Deferred tax £	Total £
At 1 November 2017	2,449	2,449
Additional provisions	<u>1,283</u>	<u>1,283</u>
At 31 October 2018	<u>3,732</u>	<u>3,732</u>

16 PENSION AND OTHER SCHEMES

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £12,284 (2017 - £58,329).

Contributions totalling £2,985 (2017 - £2,272) were payable to the scheme at the end of the year and are included in creditors.

JOHNSTON TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018 (CONTINUED)

17 SHARE CAPITAL

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary of £1 each	<u>1,501,000</u>	<u>1,501,000</u>	<u>1,000</u>	<u>1,000</u>

New shares allotted

During the year 1,500,000 Ordinary shares having an aggregate nominal value of £1,500,000 were allotted for an aggregate consideration of £1,500,000.

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 (including on winding up) rights; they do not confer any rights of redemption.

18 RESERVES

Profit and loss account

This reserve records retained earnings and accumulated profits.

19 RELATED PARTY TRANSACTIONS

Mr Johnston is also a director of Agrigroup Limited and owns all of the issued share capital. Sales to Agrigroup Limited during the year amounted to £682,399 (2017: £1,235,399).

Purchases from Agrigroup Limited during the year amounted to £999,647 (2017: £664,240). At the year end Agrigroup Limited owed the company £244 (2017: £22,335).

During the year the company was charged expenses and management charges totalling £418,608 (2017: £382,217) by Frank Johnston (Tractors) Limited.

At the year end the company owed Frank Johnston (Tractors) Limited £192,988 (2017 : £1,826,115).

JOHNSTON TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018 (CONTINUED)

20 FINANCIAL INSTRUMENTS

Categorisation of financial instruments

	2018	2017
	£	£
Financial assets measured at amortised cost	<u>4,778,581</u>	<u>4,958,370</u>
	<u>4,778,581</u>	<u>4,958,370</u>
Financial liabilities measured at amortised cost	<u>2,101,924</u>	<u>4,457,336</u>
	<u>2,101,924</u>	<u>4,457,336</u>

21 PARENT AND ULTIMATE PARENT UNDERTAKING

The company's immediate parent is Frank Johnston (Tractors) Limited, incorporated in England and Wales.

The ultimate controlling party is Mr H Johnston.