

COMPANY REGISTRATION NUMBER: 07860331

Registrar of Companies

JOHNSTON TRACTORS LIMITED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 OCTOBER 2019

THURSDAY



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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 2019

The directors present their strategic report for the year ended 31 October 2019.

PRINCIPAL ACTIVITY

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

FAIR REVIEW OF THE BUSINESS

The Directors are comfortable that the financial results of the business are in line with expectations. The franchise change to Valtra has gone well however the associated costs resulting from moving away from the John Deere franchise has impacted on turnover and profitability. The directors are confident that, going forward, the addition of further new dealerships/franchises along with a new branch opening at Penrith will allow the business to return to previous levels of profitability in coming years.

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

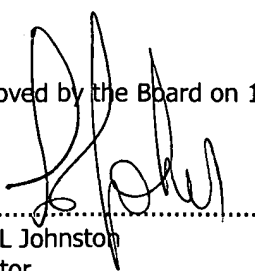
	Unit	2019	2018
Turnover	£	14,198,186	20,101,752
Gross profit	£	975,001	1,429,861
Gross profit percentage	%	7	7
Operating profit percentage	%	-	2
Creditors days		51	13
Debtors days		14	21

PRINCIPAL RISKS AND UNCERTAINTIES

On 23 March 2020 the business was forced to close due to the coronavirus pandemic and the company utilised the Coronavirus Job Retention Scheme. The Directors are taking all steps possible to contain costs in these difficult circumstances and are putting in place plans to ensure the long term future of the business. Safety measures have been implemented to allow the company to commence trading again.

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 by the Board on 1 July 2020 and signed on its behalf by:


.....
Miss L Johnston
Director

JOHNSTON TRACTORS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2019

The directors present their report and the financial statements for the year ended 31 October 2019.

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.

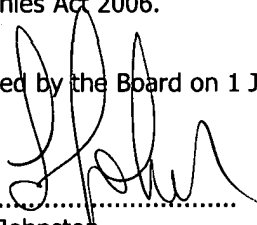
DISCLOSURE OF INFORMATION TO THE AUDITORS

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 1 July 2020 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 2019, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2019 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 judgement 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)**

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.

.....
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

1 July 2020

JOHNSTON TRACTORS LIMITED**STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 OCTOBER 2019**

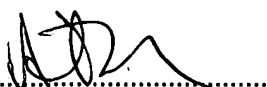
	Note	2019 £	2018 £
Turnover	3	14,198,186	20,101,752
Cost of sales		<u>13,223,086</u>	<u>18,671,891</u>
Gross profit		975,100	1,429,861
Administrative expenses		1,016,560	956,910
Other operating income	4	<u>-</u>	<u>2,348</u>
Operating (loss)/profit	5	<u>(41,460)</u>	<u>475,299</u>
Other interest receivable and similar income		50,234	23,089
Interest payable and similar charges		<u>(8,107)</u>	<u>(37,862)</u>
		<u>42,127</u>	<u>(14,773)</u>
Profit before tax		667	460,526
Taxation	9	<u>(364)</u>	<u>(87,500)</u>
Profit for the financial year		303	373,026
Retained earnings brought forward		<u>1,025,146</u>	<u>652,120</u>
Retained earnings carried forward		<u><u>1,025,449</u></u>	<u><u>1,025,146</u></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 2019**

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	10	120,379	106,008
Current assets			
Stocks	11	4,682,680	3,315,643
Debtors	12	634,626	1,357,656
Cash at bank and in hand		<u>45,448</u>	<u>230,240</u>
		5,362,754	4,903,539
Creditors: Amounts falling due within one year	14	<u>(2,947,268)</u>	<u>(2,479,669)</u>
Net current assets		<u>2,415,486</u>	<u>2,423,870</u>
Total assets less current liabilities		2,535,865	2,529,878
Provisions for liabilities	15	<u>(9,416)</u>	<u>(3,732)</u>
Net assets		<u>2,526,449</u>	<u>2,526,146</u>
Capital and reserves			
Called up share capital		1,501,000	1,501,000
Profit and loss account	18	<u>1,025,449</u>	<u>1,025,146</u>
Total equity		<u>2,526,449</u>	<u>2,526,146</u>
Company registration number: 07860331			

Approved and authorised by the Board on 1 July 2020 and signed on its behalf by:



Mr H Johnston
Director

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 2019**

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit for the year		303	373,026
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	17,187	12,206
Finance income		(50,234)	(23,089)
Finance costs		8,107	19,862
Income tax expense	9	364	87,500
		(24,273)	469,505
Working capital adjustments			
(Increase)/decrease in stocks	11	(1,367,037)	474,584
Decrease/(increase) in trade debtors	12	723,030	(139,366)
Increase/(decrease) in trade creditors	14	88,884	(1,476,354)
Cash generated from operations		(579,396)	(671,631)
Income taxes paid	9	(80,896)	(109,483)
Net cash flow from operating activities		(660,292)	(781,114)
Cash flows from investing activities			
Interest received		50,234	23,089
Acquisitions of tangible assets		(31,558)	(83,567)
Net cash flows from investing activities		18,676	(60,478)
Cash flows from financing activities			
Interest paid		(8,107)	(19,862)
Proceeds from issue of ordinary shares, net of issue costs		-	1,500,000
Net cash flows from financing activities		(8,107)	1,480,138
Net (decrease)/increase in cash and cash equivalents		(649,723)	638,546
Cash and cash equivalents at 1 November		(241,801)	(880,347)
Cash and cash equivalents at 31 October		(891,524)	(241,801)

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 2019

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 1 July 2020.

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 2019 (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 2019 (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 2019 (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 2019 (CONTINUED)

3 TURNOVER

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

	2019	2018
	£	£
Sale of goods	13,848,298	19,588,672
Rendering of services	338,342	495,825
Commissions received	11,546	17,255
	<u>14,198,186</u>	<u>20,101,752</u>

4 OTHER OPERATING INCOME

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

	2019	2018
	£	£
Scrap income	<u>-</u>	<u>2,348</u>

5 Operating (loss)/profit

Arrived at after charging/(crediting)

	2019	2018
	£	£
Depreciation	17,187	12,206
Foreign exchange losses	<u>-</u>	<u>18,000</u>

JOHNSTON TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

6 STAFF COSTS

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

	2019	2018
	£	£
Wages and salaries	914,666	1,045,075
Social security costs	84,277	95,040
Pension costs, defined contribution scheme	17,521	12,284
Other employee expenses	6,852	13,699
	<u>1,023,316</u>	<u>1,166,098</u>

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

	2019	2018
	No.	No.
Administration and support	7	7
Sales	8	7
Other departments	18	25
	<u>33</u>	<u>39</u>

7 DIRECTORS' REMUNERATION

The directors' remuneration for the year was as follows:

	2019	2018
	£	£
Remuneration	<u>12,168</u>	<u>12,000</u>

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

	2019	2018
	No.	No.
Defined contribution plans	<u>2</u>	<u>2</u>

JOHNSTON TRACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019
(CONTINUED)**

8 AUDITOR'S REMUNERATION

	2019 £	2018 £
Audit of the financial statements	<u>5,000</u>	<u>5,000</u>
Other fees to auditors		
All other non-audit services	<u>17,000</u>	<u>9,450</u>

9 TAXATION

Tax charged/(credited) in the income statement

	2019 £	2018 £
Current taxation		
UK corporation tax	(5,320)	86,217
Deferred taxation		
Arising from origination and reversal of timing differences	<u>5,684</u>	<u>1,283</u>
Tax expense in the income statement	<u>364</u>	<u>87,500</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Profit before tax	<u>667</u>	<u>460,526</u>
Corporation tax at standard rate	127	87,500
Effect of expense not deductible in determining taxable profit (tax loss)	<u>237</u>	<u>-</u>
Total tax charge	<u>364</u>	<u>87,500</u>

JOHNSTON TRACTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019
(CONTINUED)****9 TAXATION (continued)****Deferred tax**

Deferred tax assets and liabilities

	Liability £
2019	
Accelerated capital allowances	<u>9,416</u>
2018	
Accelerated capital allowances	<u>3,732</u>

10 TANGIBLE ASSETS

	Fixtures and fittings £	Motor vehicles £	Plant and machinery £	Total £
Cost or valuation				
At 1 November 2018	46,351	10,505	61,424	118,280
Additions	<u>26,317</u>	<u>-</u>	<u>5,241</u>	<u>31,558</u>
At 31 October 2019	<u>72,668</u>	<u>10,505</u>	<u>66,665</u>	<u>149,838</u>
Depreciation				
At 1 November 2018	4,966	942	6,364	12,272
Charge for the year	<u>7,910</u>	<u>1,261</u>	<u>8,016</u>	<u>17,187</u>
At 31 October 2019	<u>12,876</u>	<u>2,203</u>	<u>14,380</u>	<u>29,459</u>
Carrying amount				
At 31 October 2019	<u>59,792</u>	<u>8,302</u>	<u>52,285</u>	<u>120,379</u>
At 31 October 2018	<u>41,385</u>	<u>9,563</u>	<u>55,060</u>	<u>106,008</u>

11 STOCKS

	2019 £	2018 £
Wholegoods and parts stock	<u>4,682,680</u>	<u>3,315,643</u>

JOHNSTON TRACTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019
(CONTINUED)****12 DEBTORS**

	2019	2018
	£	£
Trade debtors	564,410	1,202,521
Other debtors	50,509	30,176
Prepayments	19,707	124,959
Total current trade and other debtors	<u>634,626</u>	<u>1,357,656</u>

13 CASH AND CASH EQUIVALENTS

	2019	2018
	£	£
Cash on hand	220	220
Cash at bank	<u>45,228</u>	<u>230,020</u>
	45,448	230,240
Bank overdrafts	<u>(936,972)</u>	<u>(472,041)</u>
Cash and cash equivalents in statement of cash flows	<u>(891,524)</u>	<u>(241,801)</u>

14 CREDITORS

	Note	2019	2018
		£	£
Due within one year			
Loans and borrowings		936,972	472,041
Trade creditors		1,538,538	940,644
Amounts due to related parties	19	244,890	192,988
Social security and other taxes		46,274	407,049
Outstanding defined contribution pension costs		4,230	2,985
Accrued expenses		176,364	377,746
Corporation tax liability	9	-	86,216
		<u>2,947,268</u>	<u>2,479,669</u>

JOHNSTON TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

14 CREDITORS (continued)

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

Bank loans and overdrafts £936,972 (2018: £472,041)

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 2018	3,732	3,732
Additional provisions	<u>5,684</u>	<u>5,684</u>
At 31 October 2019	<u>9,416</u>	<u>9,416</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 £17,521 (2018 - £12,284).

Contributions totalling £4,230 (2018 - £2,985) 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 2019 (CONTINUED)

17 SHARE CAPITAL

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary of £1 each	<u>1,501,000</u>	<u>1,501,000</u>	<u>1,501,000</u>	<u>1,501,000</u>

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 £70,322 (2018: £682,399).

Purchases from Agrigroup Limited during the year amounted to £795,539 (2018: £999,647). At the year end the company owed Agrigroup Limited £14,233 (2018: £244 owed to the company).

During the year the company was charged expenses and management charges totalling £432,305 (2018: £418,608) by Frank Johnston (Tractors) Limited.

At the year end the company owed Frank Johnston (Tractors) Limited £250,211 (2018 : £192,988).

JOHNSTON TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019 (CONTINUED)

20 FINANCIAL INSTRUMENTS

Categorisation of financial instruments

	2019 £	2018 £
Financial assets measured at amortised cost	<u>660,367</u>	<u>1,462,938</u>
	<u>660,367</u>	<u>1,462,938</u>
Financial liabilities measured at amortised cost	<u>2,724,630</u>	<u>1,608,658</u>
	<u>2,724,630</u>	<u>1,608,658</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.