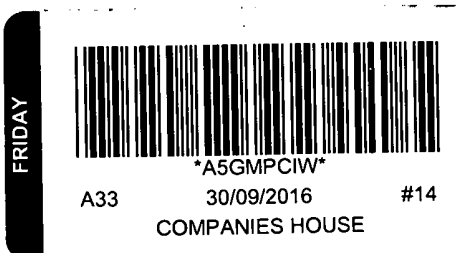


REGISTERED NUMBER: 08722991 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015  
FOR  
A J SEALE LIMITED**



**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**A J SEALE LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**DIRECTORS:**

A J Seale  
Mrs N S Seale

**REGISTERED OFFICE:**

The Grange  
Chilcomb  
Winchester  
Hampshire  
SO23 1HR

**BUSINESS ADDRESS:**

Quin Hay Farm  
Froxfield  
Petersfield  
Hampshire  
GU32 1BZ

**REGISTERED NUMBER:**

08722991 (England and Wales)

**AUDITORS:**

Rothmans Audit LLP  
Chartered Accountants & Statutory Auditors  
Avebury House  
St Peter Street  
Winchester  
Hampshire  
SO23 8BN

**A J SEALE LIMITED**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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The directors present their strategic report for the year ended 31 December 2015.

The company was incorporated on 8 October 2013 and commenced trading on 11 March 2014.

**REVIEW OF BUSINESS**

The principle activity of the company during the period continued to be the supply of agricultural machinery.

The key financial performance indicators during the year were as follows:

	2015 £	2014 £
Turnover	10,468,961	6,214,243
Gross Profit	1,028,642	659,015
Gross Profit %	9.83%	10.6%
Profit after tax	355,809	291,003

The company commenced trading in 2014, and in 2015 the company's turnover has continued to grow however the gross profit percentage achieved has reduced slightly when compared with the prior period. 2015 has been a difficult year as the sale of new tractors often involves purchasing a used tractor in part exchange. There has historically been a steady market in used tractors however towards the end of 2014 and throughout 2015 there has been a marked downturn in the market, the strong pound making British tractors more expensive for European buyers, and as a result it has been increasingly difficult for the company to sell its stock.

Looking forward, the directors recognise that the market for agricultural machinery is likely to remain challenging in 2016. The company's business plans have been revised to take into account the depressed market and the directors are confident that the company is well placed to take advantage of the market conditions when they improve. There is currently a degree of uncertainty surrounding the future of the UK's relationship with Europe and the directors are aware that this could have long-ranging consequences for both the business and the agricultural sector in general. The directors continue to monitor trading conditions with the EU are confident that the business will be able to adapt to any new opportunities or challenges which may arise in the future.

**A J SEALE LIMITED**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**PRINCIPAL RISKS AND UNCERTAINTIES**

The management objectives are to retain sufficient liquid funds to enable it to meet its day to day requirements, minimise the company's exposure to fluctuating interest rates, and to match the repayment schedule of any existing borrowings or overdrafts with the future cash flows expected to arise from the company's trading activities.

The company is exposed to a moderate level of financial risk which it manages by financing its operations through retained profits, supplemented by bank loans, hire purchase agreements and loans from related parties. The main risks affecting the company are described in more detail below.

**Currency Risk**

Whilst the company does not deal directly in foreign currencies the market for used machinery is affected by movements in the relative values of the British Pound and the Euro. The directors monitor the impact of the relative strengths of the Pound and Euro on the business and take steps to mitigate risks wherever possible.

**Price Risk**

The main price risk affecting the company is the risk that the value of the company's assets may reduce. This risk affects two main categories of asset - the hire equipment included in fixed assets and the agricultural machinery wholegoods. The directors regularly review the valuations of these items and adjust for impairment where necessary.

**Interest rate risk**

The company's hire purchase agreements are agreed in advance with the relevant finance providers and the interest rate is fixed for the duration of the agreement. The company is therefore not exposed to interest rate risk in respect of these assets.

The company's bank loans are subject to interest at a fixed margin over the LIBOR rate and the company is therefore exposed to interest rate risk in respect of these loans. The directors have reviewed the company's exposure to risk and are satisfied that this is acceptable.

**Credit Risk**

The main credit risk affecting the company is the possibility of losses from irrecoverable bad debts. The company adopts proactive credit control procedures and utilises third-party financing arrangements to mitigate the risk of bad debts and has not suffered any material losses since trade commenced.

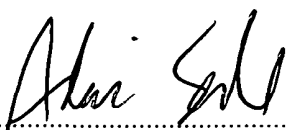
**Liquidity Risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The company utilises hire-purchase financing for the purchase of stock and matches the repayment schedule of this borrowing with the future cash flows expected to arise from the sale of the assets. During the year the company obtained a bank loan to finance the acquisition of the freehold property. The repayment terms of this loan have been matched with the future cash flows expected to arise from the company's trading activities.

**Cash Flow Risk**

Cash flow risk is the risk of exposure to variability in cash flows. The company manages this risk by ensuring that suitable financing arrangements are in place for the purchase of assets and that monies due from customers are collected in a timely manner.

**ON BEHALF OF THE BOARD:**



.....  
A J Seale - Director

Date: 29/9/16 .....

**A J SEALE LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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The directors present their report with the financial statements of the company for the year ended 31 December 2015.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2015.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2015 to the date of this report.

A J Seale  
Mrs N S Seale

**DISCLOSURE IN THE STRATEGIC REPORT**

The company's review of business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**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 company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**A J SEALE LIMITED**

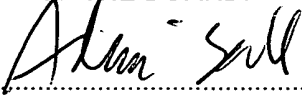
**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**AUDITORS**

The auditors, Rothmans Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



.....  
A J Seale - Director

Date: ..... 29/9/16 .....

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF A J SEALE LIMITED**

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We have audited the financial statements of A J Seale Limited for the year ended 31 December 2015 on pages eight to twenty eight. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the 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.



**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
A J SEALE LIMITED**

---

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Susan Sullivan FCA (Senior Statutory Auditor)  
for and on behalf of Rothmans Audit LLP  
Chartered Accountants & Statutory Auditors  
Avebury House  
St Peter Street  
Winchester  
Hampshire  
SO23 8BN<sup>u</sup>

*S A Sullivan FCA*

Date: *29<sup>th</sup> September 2016.*

**A J SEALE LIMITED**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

		Year Ended 31.12.15 £	Period 8.10.13 to 31.12.14 £
	Notes		
<b>TURNOVER</b>	2	10,468,961	6,214,243
Cost of sales		<u>9,440,319</u>	<u>5,555,228</u>
<b>GROSS PROFIT</b>		1,028,642	659,015
Administrative expenses		<u>477,348</u>	<u>284,901</u>
<b>OPERATING PROFIT</b>	4	551,294	374,114
Interest receivable and similar income		<u>718</u>	<u>-</u>
		552,012	374,114
Interest payable and similar charges	5	<u>108,098</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		443,914	374,114
Tax on profit on ordinary activities	6	<u>88,105</u>	<u>83,111</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>355,809</u></u>	<u><u>291,003</u></u>

The notes form part of these financial statements

**A J SEALE LIMITED**

**OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015**

---

	Notes	Year Ended 31.12.15 £	Period 8.10.13 to 31.12.14 £
<b>PROFIT FOR THE YEAR</b>		355,809	291,003
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>355,809</u>	<u>291,003</u>

The notes form part of these financial statements

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**BALANCE SHEET**  
**31 DECEMBER 2015**

	Notes	£	2015	£	2014	£
<b>FIXED ASSETS</b>						
Intangible assets	7			12,794		-
Tangible assets	8			<u>5,976,104</u>		<u>1,603,348</u>
				5,988,898		1,603,348
<b>CURRENT ASSETS</b>						
Stocks	9	3,164,841		5,922,518		
Debtors	10	1,354,911		1,456,197		
Cash at bank and in hand		<u>142,980</u>		<u>693,672</u>		
			4,662,732		8,072,387	
<b>CREDITORS</b>						
Amounts falling due within one year	11	<u>5,393,198</u>		<u>9,317,090</u>		
<b>NET CURRENT LIABILITIES</b>				<u>(730,466)</u>		<u>(1,244,703)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				5,258,432		358,645
<b>CREDITORS</b>						
Amounts falling due after more than one year	12		(4,473,134)			-
<b>PROVISIONS FOR LIABILITIES</b>	16		<u>(138,484)</u>			<u>(67,640)</u>
<b>NET ASSETS</b>				<u>646,814</u>		<u>291,005</u>
<b>CAPITAL AND RESERVES</b>						
Called up share capital	17		2			2
Retained earnings	18		<u>646,812</u>			<u>291,003</u>
<b>SHAREHOLDERS' FUNDS</b>				<u>646,814</u>		<u>291,005</u>

The financial statements were approved by the Board of Directors on 29/9/16 and were signed on its behalf by:



.....  
A J Seale - Director

The notes form part of these financial statements

**A J SEALE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

---

	Called up share capital £	Retained earnings £	Total equity £
<b>Changes in equity</b>			
Issue of share capital	2	-	2
Total comprehensive income	<u>-</u>	<u>291,003</u>	<u>291,003</u>
<b>Balance at 31 December 2014</b>	<u>2</u>	<u>291,003</u>	<u>291,005</u>
 <b>Changes in equity</b>			
Total comprehensive income	<u>-</u>	<u>355,809</u>	<u>355,809</u>
<b>Balance at 31 December 2015</b>	<u><u>2</u></u>	<u><u>646,812</u></u>	<u><u>646,814</u></u>

The notes form part of these financial statements

**A J SEALE LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

		Year Ended 31.12.15 £	Period 8.10.13 to 31.12.14 £
	Notes		
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	3,936,501	(1,143,639)
Interest element of hire purchase payments paid		(72,725)	-
Tax paid		(14,714)	-
<b>Net cash from operating activities</b>		<u>3,849,062</u>	<u>(1,143,639)</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(13,467)	-
Purchase of tangible fixed assets		(5,473,591)	(545,505)
Sale of tangible fixed assets		1,698,408	-
Interest received		718	-
Interest paid		(35,373)	-
<b>Net cash from investing activities</b>		<u>(3,823,305)</u>	<u>(545,505)</u>
<b>Cash flows from financing activities</b>			
New loans in year		4,250,000	3,440,591
Loan repayments in year		(2,982,533)	-
Capital repayments in year		(1,843,916)	(1,057,777)
Share issue		-	2
<b>Net cash from financing activities</b>		<u>(576,449)</u>	<u>2,382,816</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(550,692)</u>	<u>693,672</u>
<b>Cash and cash equivalents at beginning of year</b>	2	693,672	-
<b>Cash and cash equivalents at end of year</b>	2	<u>142,980</u>	<u>693,672</u>

The notes form part of these financial statements

**A J SEALE LIMITED**

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**1. RECONCILIATION OF PROFIT FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS**

	Year Ended 31.12.15 £	Period 8.10.13 to 31.12.14 £
Profit for the financial year	355,809	291,003
Depreciation charges	74,379	269,107
Loss on disposal of fixed assets	142,016	-
Revaluation losses	415,624	-
Finance costs	108,098	-
Finance income	(718)	-
Taxation	<u>88,105</u>	<u>83,111</u>
	1,183,313	643,221
Decrease/(increase) in stocks	3,391,125	(3,535,584)
Decrease/(increase) in trade and other debtors	101,286	(1,456,197)
(Decrease)/increase in trade and other creditors	<u>(739,223)</u>	<u>3,204,921</u>
<b>Cash generated from operations</b>	<u><u>3,936,501</u></u>	<u><u>(1,143,639)</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 December 2015**

	31.12.15 £	1.1.15 £
Cash and cash equivalents	<u>142,980</u>	<u>693,672</u>

**Period ended 31 December 2014**

	31.12.14 £	8.10.13 £
Cash and cash equivalents	<u>693,672</u>	<u>-</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

---

1. 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.

The company transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given on page 29.

The financial statements are prepared in sterling which is the functional currency of the company.

The directors believe that the company is well placed to successfully manage its business risks (as outlined in the Strategic Report) despite the current uncertain economic outlook. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis is adopted in preparing these financial statements.

**Significant judgements and estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In preparing the financial statements, the directors have made the following judgements:

Finance and operating lease commitments

The Company has entered into agricultural hire agreements as a lessor on its plant assets. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

**Other key sources of estimation uncertainty:**

Tangible Fixed Assets (see note 8)

Tangible fixed assets, other than hire assets, are depreciated over their useful lives, taking into account residual values where appropriate. The actual lives of the assets, and their residual values, are assessed annually and may vary depending on a number of factors.

The company carries its hire equipment, which consists of items of agricultural machinery, at fair value, with changes in fair value being recognised in profit or loss. The directors have valued these assets based on their knowledge of the agricultural machinery market taking into account the age and condition of each individual asset. These valuations are, by their nature, subjective and depend upon the directors ability to accurately assess the market value of the assets.

Stock (see note 9)

The company carries its stock at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. The directors have performed impairment tests based on the estimated fair value of each asset. These estimation of fair value is based on the directors knowledge of the agricultural machinery market and is therefore dependent upon the directors ability to accurately assess the realisable value of the assets.



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2015

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**Turnover**

Turnover is the amount derived from ordinary activities and is stated after trade discounts, other sales taxes and net of VAT. Turnover consists primarily of amounts receivable during the year for the sale and hire of agricultural machinery.

Turnover relating to the sales of agricultural machinery is recognised at the point that goods are delivered to the customer.

Turnover relating to the hire of agricultural machinery, is recognised on a straight line basis over the hire period.

Turnover also includes income from the provision of service & parts, which is recognised when delivered.

**Intangible assets**

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

BPS Entitlements - 5 years

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- 20% on cost
Plant and machinery	- 20% on reducing balance
Motor vehicles	- 25% on reducing balance
Hire equipment	- Annual revaluation

Freehold property consists solely of land assets which are considered to have an unlimited useful life and are therefore not depreciated.

Cost represents purchase price together with any incidental costs of acquisition.

Hire equipment is carried at fair value and is revalued annually by the directors to market-value. Revaluation gains/ losses are recognised in other comprehensive income or profit and loss in accordance with FRS102.

**Stocks**

Stocks are valued at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving items.

Stocks received on a consignment basis are recognised in the balance sheet once the risks and rewards of ownership have transferred.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on a non-discounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**A J SEALE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**1. ACCOUNTING POLICIES - continued**

**Leased assets**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Assets held under finance leases and hire purchase contracts are capitalised and included in fixed assets or stock. These assets are revalued annually by the directors based on open market value at the balance sheet date with the decrease in value being taken as depreciation to the profit and loss account. The interest element of rental obligations is charged to the profit and loss account over the period of the lease. The capital element of the future payments is treated as a liability.

Assets held for leasing under operating leases are included in tangible fixed assets at cost less accumulated depreciation.

**Financial instruments**

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement.

Financial instruments are measured at amortised cost using the effective interest method. Financial instruments that are payable or receivable within one year are measured at the undiscounted amount of the consideration expected to be paid or received.

**2. TURNOVER**

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

An analysis of turnover by class of business is given below:

	Year Ended 31.12.15 £	Period 8.10.13 to 31.12.14 £
Agricultural machinery sales	9,953,888	6,042,626
Agricultural machinery hire	515,073	171,617
	<u>10,468,961</u>	<u>6,214,243</u>

**3. STAFF COSTS**

	Year Ended 31.12.15 £	Period 8.10.13 to 31.12.14 £
Wages and salaries	446,690	186,456
Social security costs	47,285	19,413
	<u>493,975</u>	<u>205,869</u>

**A J SEALE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**3. STAFF COSTS - continued**

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

	Year Ended 31.12.15	Period 8.10.13 to 31.12.14
Sales and servicing staff	9	5
Administrative staff	<u>3</u>	<u>2</u>
	<u>12</u>	<u>7</u>

**4. OPERATING PROFIT**

The operating profit is stated after charging:

	Year Ended 31.12.15 £	Period 8.10.13 to 31.12.14 £
Depreciation - owned assets	73,706	57,958
Loss on disposal of fixed assets	142,016	-
BPS Entitlements amortisation	673	-
Auditors' remuneration	5,000	5,000
Auditors' remuneration for non audit work	<u>12,500</u>	<u>7,500</u>
Directors' remuneration	<u>30,000</u>	<u>17,500</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year Ended 31.12.15 £	Period 8.10.13 to 31.12.14 £
Bank loan interest	35,373	-
Hire purchase	<u>72,725</u>	<u>-</u>
	<u>108,098</u>	<u>-</u>

**A J SEALE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**6. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	Year Ended 31.12.15 £	Period 8.10.13 to 31.12.14 £
Current tax:		
UK corporation tax	18,018	15,471
Prior Year	<u>(757)</u>	<u>-</u>
Total current tax	17,261	15,471
Deferred tax	<u>70,844</u>	<u>67,640</u>
Tax on profit on ordinary activities	<u><u>88,105</u></u>	<u><u>83,111</u></u>

**Reconciliation of total tax 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:

	Year Ended 31.12.15 £	Period 8.10.13 to 31.12.14 £
Profit on ordinary activities before tax	<u>443,914</u>	<u>374,114</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014 - 20%)	88,783	74,823
Effects of:		
Expenses not deductible for tax purposes	85	5,697
Capital allowances in excess of depreciation	(70,850)	(65,049)
Adjustments to tax charge in respect of previous periods	(757)	-
Movement in deferred tax provision	<u>70,844</u>	<u>67,640</u>
Total tax charge	<u><u>88,105</u></u>	<u><u>83,111</u></u>

**A J SEALE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**6. TAXATION - continued**

**Changes in Applicable Tax Rates**

When the company started trading in March 2014 the main rate of corporation tax was 23% and the small profits rate was 20%. With effect from 1 April 2014 the main rate of corporation tax reduced to 21% and with effect from 1 April 2015 a single rate of corporation tax of 20% came into effect.

In 2014 and 2015 the company's taxable profits were such that tax was paid at the small companies rate of 20%.

**Deferred Tax**

The deferred tax included in the balance sheet is as follows:

	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
Accelerated capital allowances	143,195	67,640
Capital losses	<u>(4,711)</u>	<u>-</u>
	<u><u>138,484</u></u>	<u><u>67,640</u></u>

The deferred tax is included in provisions for liabilities (note 17)

	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
Deferred tax charge in profit and loss account	<u>70,844</u>	<u>67,640</u>
	<u><u>70,844</u></u>	<u><u>67,640</u></u>

The net reversal of deferred tax assets and liabilities expected in 2016 cannot be accurately estimated at this time. The deferred tax provision will be dependent upon the relative acquisitions and disposals of agricultural hire equipment and the future market values of these assets cannot be accurately predicted at this time.

**Unused Tax Losses and Tax Credits**

As at 31 December 2015 the company had £23,556 of unrelieved capital losses arising from the partial disposal of freehold property.

**A J SEALE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**7. INTANGIBLE FIXED ASSETS**

	BPS Entitlements £
<b>COST</b>	
Additions	<u>13,467</u>
At 31 December 2015	<u>13,467</u>
<b>AMORTISATION</b>	
Amortisation for year	<u>673</u>
At 31 December 2015	<u>673</u>
<b>NET BOOK VALUE</b>	
At 31 December 2015	<u><u>12,794</u></u>

The BPS Entitlement assets provide an entitlement to receive Basic Payment Scheme payments from the Rural Payments Agency. They have no set expiration date and, provided the Scheme's conditions are met, will persist for as long as the Scheme remains in effect. Because there is no fixed period to which the Entitlements relate their economic life cannot be accurately determined and the assets are therefore amortised evenly over a period of 5 years in accordance with paragraph 18.20 of FRS 102 (August 2014).

The amortisation charge is included within Administrative Expenses in the Income Statement.

**8. TANGIBLE FIXED ASSETS**

	Freehold property £	Improvements to property £	Plant and machinery £
<b>COST OR VALUATION</b>			
At 1 January 2015	-	64,775	66,230
Additions	3,648,633	-	1,127
Disposals	<u>(643,515)</u>	<u>-</u>	<u>-</u>
At 31 December 2015	<u>3,005,118</u>	<u>64,775</u>	<u>67,357</u>
<b>DEPRECIATION</b>			
At 1 January 2015	-	12,955	13,246
Charge for year	-	12,955	10,822
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2015	<u>-</u>	<u>25,910</u>	<u>24,068</u>
<b>NET BOOK VALUE</b>			
At 31 December 2015	<u><u>3,005,118</u></u>	<u><u>38,865</u></u>	<u><u>43,289</u></u>
At 31 December 2014	<u><u>-</u></u>	<u><u>51,820</u></u>	<u><u>52,984</u></u>

**A J SEALE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**8. TANGIBLE FIXED ASSETS - continued**

	Motor vehicles £	Hire equipment £	Totals £
<b>COST OR VALUATION</b>			
At 1 January 2015	127,028	1,403,273	1,661,306
Additions	120,405	2,932,345	6,702,510
Disposals	(48,500)	(1,157,761)	(1,849,776)
Revaluations	-	(415,624)	(415,624)
At 31 December 2015	<u>198,933</u>	<u>2,762,233</u>	<u>6,098,416</u>
<b>DEPRECIATION</b>			
At 1 January 2015	31,757	-	57,958
Charge for year	49,929	-	73,706
Eliminated on disposal	(9,352)	-	(9,352)
At 31 December 2015	<u>72,334</u>	<u>-</u>	<u>122,312</u>
<b>NET BOOK VALUE</b>			
At 31 December 2015	<u>126,599</u>	<u>2,762,233</u>	<u>5,976,104</u>
At 31 December 2014	<u>95,271</u>	<u>1,403,273</u>	<u>1,603,348</u>

Cost or valuation at 31 December 2015 is represented by:

	Freehold property £	Improvements to property £	Plant and machinery £
Cost	<u>3,005,118</u>	<u>64,775</u>	<u>67,357</u>
	Motor vehicles £	Hire equipment £	Totals £
Valuation in 2014	-	(200,190)	(200,190)
Valuation in 2015	-	(413,601)	(413,601)
Cost	<u>198,933</u>	<u>3,376,024</u>	<u>6,712,207</u>
	<u>198,933</u>	<u>2,762,233</u>	<u>6,098,416</u>

**A J SEALE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**8. TANGIBLE FIXED ASSETS - continued**

**Operating Leases (as Lessor)**

Hire equipment includes assets held for use in operating leases which have an aggregate original cost of £2,644,437 (2014:£1,160,703) and aggregate revaluation losses of £533,439 (2014:£170,703). These assets are revalued annually by the directors based on open market value at the balance sheet date with the decrease in the value being charged through the profit and loss account. Agricultural machinery is leased on a short-term basis and leasing revenues are dependent on the level of usage by customers - determination of minimum lease payments is not therefore relevant to these accounts.

In FY2014, hire equipment also included items of machinery which were subject to sale and repurchase agreements and which were in substance assets used for operating leases. The aggregate cost of this machinery as at 31 December 2014 was £103,500. The agreed repurchase value of the machinery was £100,000 and this amount was included in creditors due within one year in 2014. All such agreements were completed during FY2015 and there were no outstanding agreements as at 31 December 2015.

**Finance Leases (as Lessee)**

The net book value of Hire Equipment held under hire purchase agreements as at 31 December 2015 is £2,110,998 (2014:£990,000). See Note 15 for further details of finance lease commitments.

**9. STOCKS**

	2015 £	2014 £
Stocks	<u>3,164,841</u>	<u>5,922,518</u>

Stocks consist of the following:

	2015 £	2014 £
Agricultural Machinery - Wholegoods	2,979,841	5,736,390
Agricultural Machinery - Attachments	70,000	98,500
Agricultural Machinery - Parts	<u>115,000</u>	<u>87,628</u>
	<u>3,164,841</u>	<u>5,922,518</u>

Included within the £2,979,841 of Agricultural machinery - Wholegoods is £671,933 relating to assets held under hire purchase agreements.

The difference between purchase price of stocks and their replacement cost is not material.

Stocks recognised in cost of sales during the year as an expense was £8,239,252 (2014: £5,456,429)

An impairment loss of £106,610 (2014: £14,781) was recognised in cost of sales during the year due to slow-moving and obsolete stock.



**A J SEALE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2015 £	2014 £
Trade debtors	1,054,860	721,407
Other debtors	20,973	20,564
VAT	-	306,047
Prepayments and accrued income	<u>279,078</u>	<u>408,179</u>
	<u><u>1,354,911</u></u>	<u><u>1,456,197</u></u>

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2015 £	2014 £
Bank loans and overdrafts (see note 13)	75,659	-
Other loans (see note 13)	458,058	3,440,591
Hire purchase contracts (see note 14)	2,375,765	2,656,107
Trade creditors	2,207,836	2,910,349
Tax	18,018	15,471
Social security and other taxes	10,864	16,031
VAT	160,849	-
Other creditors	-	100,000
Accrued expenses	<u>86,149</u>	<u>178,541</u>
	<u><u>5,393,198</u></u>	<u><u>9,317,090</u></u>

Hire purchase liabilities are secured over the fixed assets or stock items to which they relate.

**12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2015 £	2014 £
Bank loans (see note 13)	4,174,341	-
Hire purchase contracts (see note 14)	<u>298,793</u>	<u>-</u>
	<u><u>4,473,134</u></u>	<u><u>-</u></u>

**13. LOANS**

An analysis of the maturity of loans is given below:

	2015 £	2014 £
Amounts falling due within one year or on demand:		
Bank loans	75,659	-
Loan from Shareholder	104,000	1,500,000
Loan from related company	<u>354,058</u>	<u>1,940,591</u>
	<u><u>533,717</u></u>	<u><u>3,440,591</u></u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u><u>4,174,341</u></u>	<u><u>-</u></u>

# A J SEALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2015

### 13. LOANS - continued

During September 2015 the company borrowed funds from its bankers under two term loans.

The first loan was for £1,750,000, of which £1,500,000 was repaid before 31 December 2015, the balance of £250,000 being for a term of two years repayable by quarterly instalments of £23,027 commencing in December 2016 with a final balloon payment at the end of the term. This loan accrues interest at a variable rate equivalent to LIBOR plus 1.75% per annum.

The second loan was for £4,000,000 and is for a term of five years repayable by quarterly instalments commencing in December 2016 with a final balloon payment at the end of the term. This loan accrues interest at a variable rate equivalent to LIBOR plus 1.85% per annum.

Repayments of the above loans fall due as follows:

	Loan 1	Loan 2
	£	£
Year ended 31 December 2016	23,027	52,632
Year ended 31 December 2017	226,973	210,528
Year ended 31 December 2018	-	210,528
Year ended 31 December 2019	-	210,528
Year ended 31 December 2020	-	3,315,784
	<u>250,000</u>	<u>4,000,000</u>

Since the balance sheet date the company has made significant payments totalling £1,050,000 off the bank loans in advance of the planned instalments. In addition it is anticipated the company will be in a position to make further substantial payments off the loan in advance of the agreed instalment plan.

The bank loans include a covenant with regards to the debt service cover the company is currently in breach of this covenant.

The company's bank loan and overdraft facilities are secured by a personal guarantee of £1 million from the shareholder J A Seale, and a legal charge over a property owned by the shareholder J A Seale.

### 14. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	2015	2014
	£	£
Net obligations repayable:		
Within one year	2,375,765	2,656,107
Between one and five years	<u>298,793</u>	<u>-</u>
	<u>2,674,558</u>	<u>2,656,107</u>

The company uses hire purchase contracts to acquire agricultural machinery fixed assets and stock. See note 8 for details of the net carrying amount of fixed assets held under hire purchase arrangements, note 10 for details of the net carrying amount of stock held under hire purchase arrangements and note 5 for details of finance charges.

**A J SEALE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**15. FINANCIAL INSTRUMENTS**

The financial statements include the following financial instruments:

Financial Assets measured at amortised costs

	2015 £	2014 £
Trade Debtors	1,054,860	721,407
Cash at Bank & Hand	142,980	693,672
	<u>1,197,840</u>	<u>1,415,079</u>

Financial Liabilities measured at amortised cost

	2015 £	2014 £
Trade Creditors	2,207,836	2,910,349
Hire Purchase Contracts	2,674,558	2,656,107
Loan from Shareholder	104,000	1,500,000
Loan from Related Company	354,058	1,940,591
Bank Loan	4,250,000	-
	<u>9,590,452</u>	<u>9,007,047</u>

**16. PROVISIONS FOR LIABILITIES**

	2015 £	2014 £
Deferred tax	<u>138,484</u>	<u>67,640</u>
		Deferred tax £
Balance at 1 January 2015		67,640
Accelerated capital allowances		<u>70,844</u>
Balance at 31 December 2015		<u>138,484</u>

**17. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2015 £	2014 £
2	Ordinary	£1	<u>2</u>	<u>2</u>

There are no restrictions on the rights of ordinary shares and each is entitled to one vote in any circumstance.

**A J SEALE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**18. RESERVES**

	Retained earnings £
At 1 January 2015	291,003
Profit for the year	<u>355,809</u>
At 31 December 2015	<u>646,812</u>

**19. RELATED PARTY DISCLOSURES**

**J A Seale**  
Shareholder

In the previous year J A Seale advanced £1,500,000 to the company; during the year the company repaid £1,396,000 to J A Seale. This loan is unsecured and is interest free and repayable on demand.

	2015 £	2014 £
Amount due to related party at the balance sheet date	<u>104,000</u>	<u>1,500,000</u>

**Somborne Estate Limited (formerly known as John Seale Limited)**

A company under common control.

During the year the company sold goods to Somborne Estate Limited totalling £257,678 (2014: £34,020) At the year-end, trade debtors include £75,870 (2014: £NIL) in respect of sales made during the year. These sales were made at normal market prices and the trade debtor balances are unsecured, interest free and payable on normal trade terms.

During the year the company purchased goods from Somborne Estate Limited totalling £1,270,052 (2014: £657,741). At the year-end, trade creditors include £NIL (2014: £1,200) in respect of purchases made during the year. These purchases were made at normal market prices

During the year the company received income on behalf of Somborne Estate Limited totalling £NIL (2014: £411,423) and paid expenses on behalf of Somborne Estate Limited totalling £NIL (2014: £70,832).

In the previous year a loan of £1,940,591 was advanced to the company; during the year loan repayments of £1,600,000 were made to Somborne Estate Limited and advances of £13,467 were received. This loan is unsecured, interest free and repayable on demand.

	2015 £	2014 £
Amount due to related party at the balance sheet date	<u>354,058</u>	<u>1,940,591</u>

**A J SEALE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**19. RELATED PARTY DISCLOSURES - continued**

**JAS Motor Sport Limited**

A company in which J A Seale has an interest

During the year the company paid sponsorship to JAS Motor Sport Limited totalling £8,900 (2014: £25,000). At the year-end, trade creditors included £NIL (2014: £19,200) in respect of these purchases. These purchases were made at normal market prices and the trade creditor balances are unsecured, interest free and payable on normal trade terms.

During the year the company recharged expenditure of £42,247 (2014: £NIL) to JAS Motor Sport Limited.

Prepayments and accrued income includes £NIL (2014: £44,027) in respect of expenses paid on behalf of JAS Motor Sports Limited and recharged after the balance sheet date.

	2015 £	2014 £
Amount due to related party at the balance sheet date	<u>-</u>	<u>19,200</u>

**Chilcomb Estate**

A partnership between J A Seale and A J Seale

During the year sales of £410,000 (2014: £NIL) were made to Chilcomb Estate. At the year-end, trade debtors include £80,070 (2014: £NIL) in respect of sales made during the year. These sales were made at normal market prices and the trade debtor balances are unsecured, interest free and payable on normal trade terms.

During the year goods were purchased from Chilcomb Estate for £NIL (2014: £110,000). These purchases were made at normal market prices.

	2015 £	2014 £
Amount due from related party at the balance sheet date	<u>80,070</u>	<u>-</u>

**Dunley Park Estate**

A sole tradership owned by J A Seale a shareholder of the company

During the year sales of £572,000 (2014: £NIL) were made to Dunley Park Estate. At the year-end, trade debtors include £92,070 (2014: £NIL) in respect of sales made during the year. These sales were made at normal market prices and the trade debtor balances are unsecured, interest free and payable on normal trade terms.

During the year goods were purchased from Dunley Park Estate for £NIL (2014: £233,500). These purchases were made at normal market prices.

	2015 £	2014 £
Amount due from related party at the balance sheet date	<u>92,070</u>	<u>-</u>

**20. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party of the company throughout the year was J A Seale a shareholder of the company,

**A J SEALE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**21. FIRST YEAR ADOPTION**

The company was incorporated on 8 October 2013, which is also the date on which it transitioned from previously extant UK GAAP to FRS102.

The transition to FRS102 has had no effect on the company's equity at the date of transition, nor as at 31 December 2014.

There have been no changes in accounting policies arising from the transition to FRS102.

The company accounts for hire equipment under the revaluation model. On transition to FRS102 it was noted that the revaluation losses, and losses on disposal of equipment, should be presented as cost-of-sales expenses and not as overheads. These sums are material to the accounts and the comparative figures have therefore been restated accordingly. The effect of this restatement has been to reduce the 2014 administrative expenses by £211,149 and to increase the cost of sales expenses by £211,149. The gross profit for 2014 has reduced correspondingly from £870,164 to £659,015. There has been no change to the overall profit for 2014.