

REGISTERED NUMBER: 08722991 (England and Wales)

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2017
for
A J Seale Limited

Contents of the Financial Statements
for the Year Ended 31 December 2017

	Page
Company Information	1
Strategic Report	2
Report of the Directors	5
Report of the Independent Auditors	7
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Cash Flow Statement	12
Notes to the Cash Flow Statement	13
Notes to the Financial Statements	14

DIRECTORS:

Ms N S Seale
A J Seale

REGISTERED OFFICE:

The Grange
Chilcomb
Winchester
Hampshire
SO21 1HR

BUSINESS ADDRESS:

Somborne Estate Farm Office
Little Somborne
Stockbridge
Hampshire
SO20 6QT

REGISTERED NUMBER:

08722991 (England and Wales)

INDEPENDENT AUDITORS:

Basra & Basra Ltd
Chartered Accountants & Statutory Auditors
9 London Road
Southampton
Hampshire
SO15 2AE

Strategic Report
for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

REVIEW OF BUSINESS

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

	2017	2016
	£	£
Turnover	13,639,663	11,307,834
Gross profit	1,469,625	958,311
Gross profit %	10.77%	8.47%
Profit after tax	707,038	464,453

The company's turnover for the year has increased from £11,307,834 to £13,639,663 and gross profit has increased from £958,311 to £1,469,625. The directors monitor gross profit margin as a key performance indicator, and note an increase in the current year from 8.47% to 10.77%. The increase in gross profit margin is consistent with the improvement of business seen in the agricultural machinery sector, and current market conditions are stable. The directors will continue to assess gross profit margins and seek efficiencies where possible to ensure maximum profitability is achieved. Overall the directors are satisfied with the company's results in 2017 and the year-on-year increase in turnover.

The company is subject to farmers' spending patterns and the levels of funding they are able to obtain for wholegood purchases. Favourable market conditions with higher BPS payments and rising commodity prices are expected to provide positive future demand for most agricultural machinery products.

There is however continued uncertainty surrounding the future of the UK's relationship with Europe and the directors are aware that this may have long-ranging consequences for both the business and the agricultural sector in general. The directors will continue to monitor trading conditions with the EU and are confident that the business will be able to adapt to any new opportunities or challenges which may arise in the future. The directors continue to reassess their business plans with a view to providing strategies for long term growth.

The key non-financial performance indicator is the retention of contracts with key suppliers.

Strategic Report
for the Year Ended 31 December 2017

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.

Economic and market risks

The company's market demand is affected by economic cycles and sector specific factors such as commodity prices for farmers. By monitoring relevant commodity prices the company is able to mitigate the risk of severe changes in demand. The directors also take a long term view when building relationships with customers and suppliers, both of which help the business manage short term shifts in demand.

Currency risk

While 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 for 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. The risk affects two main categories of asset - the hire equipment included in fixed assets and the agricultural machinery wholegoods. The directors regularly review the variations 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 in the financial year.

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. In 2015, 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 the 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

A J Seale Limited (Registered number: 08722991)

Strategic Report
for the Year Ended 31 December 2017

28 September 2018

Report of the Directors
for the Year Ended 31 December 2017

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the supply of new and used agricultural machinery, together with the ancillary services of maintenance and the supply of spare parts.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2017.

DIRECTORS

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

Ms N S Seale
A J Seale

DISCLOSURE IN THE STRATEGIC REPORT

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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.

Report of the Directors
for the Year Ended 31 December 2017

AUDITORS

The auditors, Basra & Basra Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A J Seale - Director

28 September 2018

Opinion

We have audited the financial statements of A J Seale Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 December 2017 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 Auditors' 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.

Other information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the 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 or the Report of the Directors.

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

- adequate accounting records have not been kept, 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 five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditors' responsibilities for the audit of the financial statements

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

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

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 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.

Rajinder Mandair (Senior Statutory Auditor)
for and on behalf of Basra & Basra Ltd
Chartered Accountants & Statutory Auditors
9 London Road
Southampton
Hampshire
SO15 2AE

28 September 2018

**Statement of Comprehensive Income
for the Year Ended 31 December 2017**

	Notes	2017 £	2016 £
TURNOVER	3	13,639,663	11,307,834
Cost of sales		<u>12,170,038</u>	<u>10,349,523</u>
GROSS PROFIT		1,469,625	958,311
Administrative expenses		<u>468,141</u>	<u>501,004</u>
		1,001,484	457,307
Other operating income		<u>31,125</u>	<u>258,549</u>
OPERATING PROFIT	5	1,032,609	715,856
Interest receivable and similar income		<u>185</u>	<u>412</u>
		1,032,794	716,268
Interest payable and similar expenses	6	<u>154,306</u>	<u>146,938</u>
PROFIT BEFORE TAXATION		878,488	569,330
Tax on profit	7	<u>171,450</u>	<u>104,877</u>
PROFIT FOR THE FINANCIAL YEAR		707,038	464,453
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		707,038	464,453

The notes form part of these financial statements

Balance Sheet
31 December 2017

	Notes	2017 £	£	2016 £	£
FIXED ASSETS					
Intangible assets	8		7,408		10,101
Tangible assets	9		<u>5,180,097</u>		<u>4,254,359</u>
			5,187,505		4,264,460
CURRENT ASSETS					
Stocks	10	3,449,374		4,562,396	
Debtors	11	1,163,968		571,356	
Cash at bank and in hand		<u>131</u>		<u>323,396</u>	
		4,613,473		5,457,148	
CREDITORS					
Amounts falling due within one year	12	<u>6,052,719</u>		<u>6,243,181</u>	
NET CURRENT LIABILITIES			(1,439,246)		(786,033)
TOTAL ASSETS LESS CURRENT LIABILITIES			3,748,259		3,478,427
CREDITORS					
Amounts falling due after more than one year	13		(1,789,472)		(2,271,486)
PROVISIONS FOR LIABILITIES	17		<u>(140,482)</u>		<u>(95,674)</u>
NET ASSETS			<u>1,818,305</u>		<u>1,111,267</u>
CAPITAL AND RESERVES					
Called up share capital	18		2		2
Retained earnings	19		<u>1,818,303</u>		<u>1,111,265</u>
SHAREHOLDERS' FUNDS			<u>1,818,305</u>		<u>1,111,267</u>

The financial statements were approved by the Board of Directors on 28 September 2018 and were signed on its behalf by:

A J Seale - Director

Ms N S Seale - Director

Statement of Changes in Equity
for the Year Ended 31 December 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	2	646,812	646,814
Changes in equity			
Total comprehensive income	-	464,453	464,453
Balance at 31 December 2016	2	1,111,265	1,111,267
Changes in equity			
Total comprehensive income	-	707,038	707,038
Balance at 31 December 2017	2	1,818,303	1,818,305

**Cash Flow Statement
for the Year Ended 31 December 2017**

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	1,615,354	2,476,427
Interest paid		(48,833)	(79,005)
Interest element of hire purchase payments paid		(105,473)	(67,933)
Tax paid		(148,166)	(18,197)
Net cash from operating activities		<u>1,312,882</u>	<u>2,311,292</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(3,956,306)	(1,822,627)
Sale of tangible fixed assets		2,742,676	3,029,425
Interest received		185	412
Net cash from investing activities		<u>(1,213,445)</u>	<u>1,207,210</u>
Cash flows from financing activities			
Loan repayments in year		(1,013,467)	(1,694,591)
Capital repayments in year		558,730	(1,643,495)
Net cash from financing activities		<u>(454,737)</u>	<u>(3,338,086)</u>
(Decrease)/increase in cash and cash equivalents		<u>(355,300)</u>	<u>180,416</u>
Cash and cash equivalents at beginning of year	2	323,396	142,980
Cash and cash equivalents at end of year	2	<u>(31,904)</u>	<u>323,396</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2017**

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

	2017 £	2016 £
Profit for the financial year	707,038	464,453
Depreciation charges	63,358	57,359
(Profit)/loss on disposal of fixed assets	(141,765)	121,281
Revaluation losses	368,992	339,000
Finance costs	154,306	146,938
Finance income	(185)	(412)
Taxation	171,450	104,877
	<u>1,323,194</u>	<u>1,233,496</u>
Decrease/(increase) in stocks	1,113,022	(1,397,555)
(Increase)/decrease in trade and other debtors	(592,612)	783,555
(Decrease)/increase in trade and other creditors	(228,250)	1,856,931
Cash generated from operations	<u><u>1,615,354</u></u>	<u><u>2,476,427</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 2017

	31.12.17 £	1.1.17 £
Cash and cash equivalents	131	323,396
Bank overdrafts	(32,035)	-
	<u><u>(31,904)</u></u>	<u><u>323,396</u></u>

Year ended 31 December 2016

	31.12.16 £	1.1.16 £
Cash and cash equivalents	<u><u>323,396</u></u>	<u><u>142,980</u></u>

Notes to the Financial Statements
for the Year Ended 31 December 2017

1. STATUTORY INFORMATION

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

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 leases 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 balance sheet.

Other key sources of estimation uncertainty

Tangible fixed assets

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 the income statement. 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.

Stocks

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. The estimation of fair value is based on the directors' knowledge of the agricultural machinery market and is therefore dependant 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 2017**

2. ACCOUNTING POLICIES - continued

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 and parts, which is recognised when delivered.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

BPS Entitlements are being amortised evenly over their estimated useful life of five 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 the income statement or other comprehensive income in accordance with FRS 102.

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.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017**

2. ACCOUNTING POLICIES - continued

Deferred tax

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

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

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

Pension costs and other post-retirement benefits

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

Leased assets

Rentals paid under operating leases are charged to the income statement 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 any revaluation gains/losses being recognised in the income statement. The interest element of rental obligations is charged to the income statement 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.

3. 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:

	2017	2016
	£	£
Agricultural machinery sales	13,105,456	10,748,961
Agricultural machinery hire	534,207	558,873
	<u>13,639,663</u>	<u>11,307,834</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

4. EMPLOYEES AND DIRECTORS

	2017	2016
	£	£
Wages and salaries	449,924	450,011
Social security costs	45,372	47,930
Other pension costs	799	-
	<u>496,095</u>	<u>497,941</u>

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

	2017	2016
Sales and servicing staff	10	10
Administrative staff	3	4
	<u>13</u>	<u>14</u>

	2017	2016
	£	£
Directors' remuneration	<u>7,500</u>	<u>30,000</u>

5. OPERATING PROFIT

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

	2017	2016
	£	£
Depreciation - owned assets	60,665	54,666
(Profit)/loss on disposal of fixed assets	(141,765)	121,281
BPS Entitlements amortisation	2,693	2,693
Auditors' remuneration	5,825	10,000
Auditors' remuneration for non audit work	<u>8,477</u>	<u>7,500</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Bank loan interest	48,833	79,005
Hire purchase	<u>105,473</u>	<u>67,933</u>
	<u>154,306</u>	<u>146,938</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017**

7. TAXATION

Analysis of the tax charge

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

	2017 £	2016 £
Current tax:		
UK corporation tax	126,642	147,508
Prior year adjustment	-	179
Total current tax	<u>126,642</u>	<u>147,687</u>
Deferred tax	44,808	(42,810)
Tax on profit	<u>171,450</u>	<u>104,877</u>

Reconciliation of total tax charge included in profit and loss

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

	2017 £	2016 £
Profit before tax	<u>878,488</u>	<u>569,330</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.250% (2016 - 20%)	169,109	113,866
Effects of:		
Expenses not deductible for tax purposes	78,333	104,159
Income not taxable for tax purposes	(34,229)	-
Capital allowances in excess of depreciation	(87,228)	(70,517)
Adjustments to tax charge in respect of previous periods	657	179
Movement in deferred tax provision	44,808	(42,810)
Total tax charge	<u>171,450</u>	<u>104,877</u>

Unused tax losses and tax credits

As at 31 December 2017 the company had £57,731 of unrelieved capital losses arising from the partial disposal of freehold property.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017**

8. INTANGIBLE FIXED ASSETS

	BPS Entitlements £
COST	
At 1 January 2017 and 31 December 2017	<u>13,467</u>
AMORTISATION	
At 1 January 2017	3,366
Amortisation for year	<u>2,693</u>
At 31 December 2017	<u>6,059</u>
NET BOOK VALUE	
At 31 December 2017	<u>7,408</u>
At 31 December 2016	<u>10,101</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 which states the life shall not exceed 10 years.

The amortisation charge is included within administrative expenses in the income statement.

9. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Plant and machinery £
COST OR VALUATION			
At 1 January 2017	3,005,118	64,775	70,349
Additions	-	12,305	749
Disposals	<u>(127,877)</u>	<u>-</u>	<u>-</u>
At 31 December 2017	<u>2,877,241</u>	<u>77,080</u>	<u>71,098</u>
DEPRECIATION			
At 1 January 2017	-	38,865	33,324
Charge for year	-	15,416	7,555
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2017	<u>-</u>	<u>54,281</u>	<u>40,879</u>
NET BOOK VALUE			
At 31 December 2017	<u>2,877,241</u>	<u>22,799</u>	<u>30,219</u>
At 31 December 2016	<u>3,005,118</u>	<u>25,910</u>	<u>37,025</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017**

9. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Hire equipment £	Totals £
COST OR VALUATION			
At 1 January 2017	178,398	1,088,939	4,407,579
Additions	70,283	3,872,969	3,956,306
Disposals	(40,000)	(2,456,159)	(2,624,036)
Revaluations	-	(368,992)	(368,992)
At 31 December 2017	<u>208,681</u>	<u>2,136,757</u>	<u>5,370,857</u>
DEPRECIATION			
At 1 January 2017	81,031	-	153,220
Charge for year	37,694	-	60,665
Eliminated on disposal	(23,125)	-	(23,125)
At 31 December 2017	<u>95,600</u>	<u>-</u>	<u>190,760</u>
NET BOOK VALUE			
At 31 December 2017	<u>113,081</u>	<u>2,136,757</u>	<u>5,180,097</u>
At 31 December 2016	<u>97,367</u>	<u>1,088,939</u>	<u>4,254,359</u>

Cost or valuation at 31 December 2017 is represented by:

	Freehold property £	Improvements to property £	Plant and machinery £
Cost	<u>2,877,241</u>	<u>77,080</u>	<u>71,098</u>
	<u>2,877,241</u>	<u>77,080</u>	<u>71,098</u>
	Motor vehicles £	Hire equipment £	Totals £
Valuation in 2014	-	(200,190)	(200,190)
Valuation in 2015	-	(413,601)	(413,601)
Valuation in 2016	-	(339,000)	(339,000)
Valuation in 2017	-	(368,992)	(368,992)
Cost	<u>208,681</u>	<u>3,458,540</u>	<u>6,692,640</u>
	<u>208,681</u>	<u>2,136,757</u>	<u>5,370,857</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

9. TANGIBLE FIXED ASSETS - continued

Operating leases (as lessor)

Hire equipment includes assets held for use in operating leases. 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 income statement. 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.

Finance leases (as lessee)

The net book value of hire equipment held under hire purchase agreements as at 31 December 2017 is £1,138,757 (2016: £363,877). See note 14 for further details of finance lease commitments.

10. STOCKS

	2017 £	2016 £
Stocks	<u>3,449,374</u>	<u>4,562,396</u>

Stocks consist of the following:

	2017 £	2016 £
Agricultural machinery - wholegoods	3,400,543	4,449,076
Agricultural machinery - attachments	20,000	70,000
Agricultural machinery - used spare	-	5,000
Agricultural machinery - parts	28,831	38,320
	<u>3,449,374</u>	<u>4,562,396</u>

An impairment loss of £317,584 (2016: £243,386) was recognised in cost of sales during the year due to slow-moving and obsolete stock.

The net book value of stock held under hire purchase agreements as at 31 December 2017 is £630,233 (2016: £700,634). See note 14 for further details of finance lease commitments.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	428,186	377,653
Other debtors	596,885	17,116
Prepayments and accrued income	138,897	176,587
	<u>1,163,968</u>	<u>571,356</u>

Included above are amounts due from a related party of £586,533 (2016: nil) (see note 21).

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017**

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Bank loans and overdrafts (see note 14)	242,563	257,896
Other loans (see note 14)	-	513,467
Hire purchase contracts (see note 15)	1,589,793	1,001,681
Trade creditors	3,911,164	3,958,585
Tax	125,984	147,508
Social security and other taxes	16,328	14,959
VAT	75,008	215,922
Accrued expenses	91,879	133,163
	<u>6,052,719</u>	<u>6,243,181</u>

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

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

	2017	2016
	£	£
Bank loans (see note 14)	1,789,472	2,242,104
Hire purchase contracts (see note 15)	-	29,382
	<u>1,789,472</u>	<u>2,271,486</u>

14. LOANS

An analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	32,035	-
Bank loans	210,528	257,896
Loan from shareholder	-	480,000
Loan from related company	-	33,467
	<u>242,563</u>	<u>771,363</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>1,789,472</u>	<u>2,242,104</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

14. LOANS - continued

The bank loan and overdraft facility are secured by a personal guarantee of £1m from the shareholder J A Seale, and a legal charge over a property owned by the shareholder J A Seale.

The bank loan accrues interest at a variable rate equivalent to LIBOR plus 1.85% per annum.

Repayments of the bank loan fall due as follows:

	£
Year ended 31 December 2018	210,528
Year ended 31 December 2019	210,528
Year ended 31 December 2020	1,578,944
	<u>2,000,000</u>

The bank loan includes a covenant with regards to the debt service cover. The company is not currently in breach of this covenant.

As at 31 December 2017, the company was utilising £32,035 of the available overdraft facility.

15. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Net obligations repayable:		
Within one year	1,589,793	1,001,681
Between one and five years	-	29,382
	<u>1,589,793</u>	<u>1,031,063</u>

The company uses hire purchase contracts to acquire agricultural machinery fixed assets and stock. See note 9 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 6 for details of finance charges.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

16. FINANCIAL INSTRUMENTS

The financial statements include the following financial instruments:

Financial assets measured at amortised costs

	2017	2016
	£	£
Trade debtors	428,186	377,653
Cash in hand	-	323,396
Loan to related company	586,533	-
	<u>1,014,719</u>	<u>701,049</u>

Financial liabilities measured at amortised cost

	2017	2016
	£	£
Bank overdraft	32,035	-
Trade creditors	3,911,164	3,958,585
Hire purchase contracts	1,589,793	1,031,063
Loan from shareholder	-	480,000
Loan from related company	-	33,467
Bank loans	2,000,000	2,500,000
	<u>7,532,992</u>	<u>8,003,115</u>

17. PROVISIONS FOR LIABILITIES

	2017	2016
	£	£
Deferred tax		
Accelerated capital allowances	151,451	100,150
Tax losses carried forward	(10,969)	(4,476)
	<u>140,482</u>	<u>95,674</u>
		Deferred
		tax
		£
Balance at 1 January 2017		95,674
Accelerated capital allowances		51,301
Capital losses		(6,493)
Balance at 31 December 2017		<u>140,482</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2017 £ <u>2</u>	2016 £ <u>2</u>
2	Ordinary			

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

19. RESERVES

	Retained earnings £
At 1 January 2017	1,111,265
Profit for the year	<u>707,038</u>
At 31 December 2017	<u>1,818,303</u>

20. PENSION COMMITMENTS

The company is operating a defined contribution scheme. During the year the company contributed £799 (2016: nil).

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

21. RELATED PARTY DISCLOSURES

J A Seale
Shareholder

During the year, loan repayments of £480,000 were made to J A Seale and advances of nil were received. This loan was unsecured, interest free and repayable on demand.

	2017	2016
	£	£
Amount due to/(from) related party at the balance sheet date	<u>-</u>	<u>480,000</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 £432,330 (2016: £14,000). At the year end, trade debtors include nil (2016: nil) in respect of sales made during the year.

During the year, the company purchased goods from Somborne Estate Limited totalling £209,000 (2016: £150,000). At the year end, trade creditors include nil (2016: nil) in respect of purchases made during the year.

During the year, loan repayments of £20,000 and advances of £600,000 were made to Somborne Estate Limited and advances of nil were received.

During the year, rental receipts of £24,900 were received from Somborne Estate Limited in respect of land at Somborne Estate. A further £6,225 of rent had been accrued at the year end.

	2017	2016
	£	£
Amount due to/(from) related party at the balance sheet date	<u>(586,533)</u>	<u>33,467</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

Chilcomb Estate

A partnership between J A Seale and A J Seale

During the year, sales of £256,364 (2016: £9,000) were made to Chilcomb Estate. At the year end, trade debtors include nil (2016: nil) in respect of sales made during the year.

During the year, goods were purchased from Chilcomb Estate for £28,000 (2016: £302,000). At the year end, trade creditors include nil (2016: nil) in respect of purchases made during the year.

	2017 £	2016 £
Amount due to/(from) related party at the balance sheet date	<u>-</u>	<u>-</u>

Dunley Park Estate

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

During the year, sales of £247,330 (2016: £24,000) were made to Dunley Park Estate. At the year end, trade debtors include nil (2016: nil) in respect of sales made during the year.

During the year, goods were purchased from Dunley Park Estate for £24,000 (2016: £253,000). At the year end, trade creditors include nil (2016: nil) in respect of purchases made during the year.

	2017 £	2016 £
Amount due to/(from) related party at the balance sheet date	<u>-</u>	<u>-</u>

22. **ULTIMATE CONTROLLING PARTY**

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

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.