

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
FRANK SUTTON HOLDINGS LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2020**

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FRANK SUTTON HOLDINGS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

DIRECTORS:

C F Sutton
Mrs M Sutton
B F Sutton

REGISTERED OFFICE:

Castle Garages
Cuckoos Row
Raglan
Monmouthshire
NP15 2HH

REGISTERED NUMBER:

11516137 (England and Wales)

AUDITORS:

Graham Paul Limited
(Statutory Auditor)
Court House
Court Road
Bridgend
CF31 1BE

SOLICITORS:

Gabb and Co
Old Bank House
Beaufort Street
Crickhowell
Powys
NP8 1AD

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their strategic report of the company and the group for the year ended 31 December 2020.

REVIEW OF BUSINESS

The Group's principal activity during the year continued to be that of the supply and maintenance of agricultural and turf machinery in the new and second-hand market.

The Group is a main dealer for the sale and maintenance of John Deere and Kramer equipment also selling a variety of other main brands relevant to this market.

During the year the Group experienced a decrease in turnover of 11% following an increase of 20% in 2019. The Group trades in diverse markets across Wales and into Southern England. The Directors are committed to the ongoing development of the Group seeking new customers and markets whilst continuing to deliver an excellent service to its existing customer base.

In 2020 turnover decreased largely due to COVID-19 and the uncertainty that COVID-19 brought. Brexit fall outs also played a small role in this, while sterling movements have meant that imported machinery has become much more expensive. A result of the pricing has been that customers are looking more carefully at their expenditure and are also rationalising on what they need. The continuing aim of the Director's is to use the strong financial and marketplace position of the Group to deliver ongoing growth and reinforce the strong foundation of a unique business model.

Maintaining the turnover above 2018 levels during a COVID year is the result of a solid business foundation built on long established family values and a good understanding of customers' expectations. Both of the Group's sites at Raglan and Bridgend continued to perform well both delivering a resilient trading performance.

The Group has embraced new technology offering real time remote diagnostics of machinery and over the air programming and updates. This results in better customer satisfaction and less downtime. Continual development of both sites is ongoing, with better display areas and modernisation of showrooms for a better customer environment. The use of technology has increased dramatically in agriculture, so the Group is seeing major growth in this type of equipment.

The Directors remain committed to the John Deere and Kramer brands and the market share for John Deere tractors in their region is over 30% which is higher than the national average. The Directors are delighted with the trading results returned in a year COVID-19 uncertainty. The Group has maintained all of its franchise accreditations and approvals.

The Group's financial services has also seen an increase in turnover due to customers need for more flexible finance offerings when buying machinery.

2021 has continued with current sales levels but the Group is being somewhat hampered with supply shortages for machinery which has been brought about by COVID-19 related problems.

The Directors are also pleased to be able to report a further strengthening of the balance sheet position of the Group which sees further improvement in short term liquidity and reports significant distributable reserves putting the Group in a strong position to develop and expand.

The Directors continue to be aware of the cash flow challenges faced by the business but feel confident that as they have done so far in the development of the Group, they will be able to fund growth as it develops from the various third party financial resources they have worked with so far and by using the Directors own sources of finance.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

REVIEW OF BUSINESS

Financial Key Performance Indicators

The Group uses a range of performance measures to monitor and manage the business effectively.

These are both financial and non-financial and the most significant of these are the key performance indicators (KPI's). The KPI's for the year ended 31 December 2020 with comparatives for the year ended 31 December 2019 are summarised as follows:

	December 2020	December 2019
	£	£
Turnover	15,536,607	17,405,194
Gross profit margin	7.9%	8.3%
Profit before tax	413,198	459,579

PRINCIPAL RISKS AND UNCERTAINTIES

The group is exposed to price, credit, liquidity and cash flow risks as it trades from day to day. The group manages these risks by financing its operations through retained profits, use of an overdraft, main dealer finance plans, long term bank and shareholder borrowings where necessary.

The management objectives are to retain sufficient liquid funds in the business to enable it to meet its day to day requirements, minimise the group's exposure to fluctuating cash flows, and ensure that the business maintains and monitors its plans to manage 'spikes' in cash outflows caused by VAT and significant supplier payments.

The group makes little use of financial instruments other than standard overdraft funding, a bank loan and an operational bank account so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the group.

ON BEHALF OF THE BOARD:

C F Sutton - Director

29 September 2021

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2020.

DIVIDENDS

An interim dividend of 266.67 per share on the Ordinary £1 shares was paid on 11 August 2020. The directors recommend that no final dividend be paid on these shares.

No interim dividend was paid on the Ordinary B £1 shares. The directors recommend that no final dividend be paid on these shares.

The total distribution of dividends for the year ended 31 December 2020 will be £ 200,000 .

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

C F Sutton
Mrs M Sutton
B F Sutton

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020**

AUDITORS

The auditors, Graham Paul Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

C F Sutton - Director

29 September 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FRANK SUTTON HOLDINGS LIMITED

Opinion

We have audited the financial statements of Frank Sutton Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Income and Retained Earnings, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement and Notes to the Consolidated 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 group's and of the parent company affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FRANK SUTTON HOLDINGS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FRANK SUTTON HOLDINGS LIMITED

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the company's principle activity which is that of the supply and maintenance of agricultural and turf machinery in the new and second-hand market;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- We assessed the extent of the compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquires of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- Understanding the design of the company's remuneration policies.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosure to underlying supporting documentation;
- Reading the minutes of meeting of those charged with governance;
- Enquiring of management as to actual and potential litigation and claims; and
- Reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transaction, the less likely that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FRANK SUTTON HOLDINGS LIMITED

Material misstatement that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

Nigel Williams BCom FCA (Senior Statutory Auditor)
for and on behalf of Graham Paul Limited
(Statutory Auditor)
Court House
Court Road
Bridgend
CF31 1BE

29 September 2021

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2020**

		Year Ended 31.12.20 £	Period 1.7.19 to 31.12.19 £
	Notes		
TURNOVER	3	15,536,607	7,998,339
Cost of sales		14,308,527	7,085,408
GROSS PROFIT		1,228,080	912,931
Administrative expenses		749,472	491,744
		478,608	421,187
Other operating income	4	28,502	-
OPERATING PROFIT	6	507,110	421,187
Interest receivable and similar income		-	2,053
		507,110	423,240
Interest payable and similar expenses	7	93,912	51,929
PROFIT BEFORE TAXATION		413,198	371,311
Tax on profit	8	88,268	39,529
PROFIT FOR THE FINANCIAL YEAR		324,930	331,782
Retained earnings at beginning of year		152,559	20,777
Dividends	10	(200,000)	(200,000)
RETAINED EARNINGS FOR THE GROUP AT END OF YEAR		277,489	152,559
Profit attributable to: Owners of the parent		324,930	331,782

The notes form part of these financial statements

FRANK SUTTON HOLDINGS LIMITED (REGISTERED NUMBER: 11516137)

**CONSOLIDATED BALANCE SHEET
31 DECEMBER 2020**

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Intangible assets	11		(14,548)		(29,095)
Tangible assets	12		2,011,239		2,020,048
Investments	13		-		-
			<u>1,996,691</u>		<u>1,990,953</u>
CURRENT ASSETS					
Stocks	14	5,247,887		5,184,823	
Debtors	15	1,335,191		2,298,789	
Cash at bank and in hand		<u>10,543</u>		<u>4,882</u>	
		6,593,621		7,488,494	
CREDITORS					
Amounts falling due within one year	16	<u>5,207,880</u>		<u>6,402,416</u>	
NET CURRENT ASSETS			<u>1,385,741</u>		<u>1,086,078</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,382,432		3,077,031
CREDITORS					
Amounts falling due after more than one year	17		(802,330)		(632,710)
PROVISIONS FOR LIABILITIES	22		<u>(116,089)</u>		<u>(105,238)</u>
NET ASSETS			<u>2,464,013</u>		<u>2,339,083</u>
CAPITAL AND RESERVES					
Called up share capital	23		1,000		1,000
Share premium	24		2,185,524		2,185,524
Retained earnings	24		<u>277,489</u>		<u>152,559</u>
SHAREHOLDERS' FUNDS			<u>2,464,013</u>		<u>2,339,083</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 September 2021 and were signed on its behalf by:

C F Sutton - Director

The notes form part of these financial statements

COMPANY BALANCE SHEET
31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	11	-	-	-	-
Tangible assets	12	1,253,333		1,303,333	
Investments	13	2,186,424		2,186,424	
		<u>3,439,757</u>		<u>3,489,757</u>	
CURRENT ASSETS					
Debtors	15	350		310	
Cash at bank		10,359		4,307	
		<u>10,709</u>		<u>4,617</u>	
CREDITORS					
Amounts falling due within one year	16	903,952		879,128	
NET CURRENT LIABILITIES			<u>(893,243)</u>		<u>(874,511)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,546,514		2,615,246
CREDITORS					
Amounts falling due after more than one year	17		461,243		512,027
NET ASSETS			<u>2,085,271</u>		<u>2,103,219</u>
CAPITAL AND RESERVES					
Called up share capital	23	1,000		1,000	
Share premium	24	2,185,524		2,185,524	
Retained earnings	24	(101,253)		(83,305)	
SHAREHOLDERS' FUNDS		<u>2,085,271</u>		<u>2,103,219</u>	
Company's profit for the financial year			<u>182,052</u>		<u>121,695</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 September 2021 and were signed on its behalf by:

C F Sutton - Director

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

		Year Ended 31.12.20 £	Period 1.7.19 to 31.12.19 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	1	619,884	359,802
Interest paid		(34,099)	(27,671)
Interest element of hire purchase payments paid		(59,813)	(24,258)
Tax paid		-	(46,760)
Net cash from operating activities		<u>525,972</u>	<u>261,113</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(101,661)	(1,326,339)
Sale of tangible fixed assets		371,500	14,000
Interest received		-	2,053
Net cash from investing activities		<u>269,839</u>	<u>(1,310,286)</u>
Cash flows from financing activities			
New loans in year		50,000	600,000
Loan repayments in year		(52,836)	(21,529)
Capital repayments in year		(297,448)	(145,479)
Amount introduced by directors		200,000	1,140,476
Amount withdrawn by directors		(272,994)	(183,101)
Grants received		28,502	-
Equity dividends paid		(200,000)	(200,000)
Net cash from financing activities		<u>(544,776)</u>	<u>1,190,367</u>
Increase in cash and cash equivalents		<u>251,035</u>	<u>141,194</u>
Cash and cash equivalents at beginning of year	2	(583,533)	(724,727)
Cash and cash equivalents at end of year	2	<u>(332,498)</u>	<u>(583,533)</u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**
1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Year Ended 31.12.20 £	Period 1.7.19 to 31.12.19 £
Profit before taxation	413,198	371,311
Depreciation charges	236,563	97,401
Profit on disposal of fixed assets	(115,604)	(69,262)
Government grants	(28,502)	-
Finance costs	93,912	51,929
Finance income	-	(2,053)
	<u>599,567</u>	<u>449,326</u>
Increase in stocks	(63,064)	(325,374)
Decrease/(increase) in trade and other debtors	963,598	(321,427)
(Decrease)/increase in trade and other creditors	(880,217)	557,277
Cash generated from operations	<u>619,884</u>	<u>359,802</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 2020

	31.12.20 £	1.1.20 £
Cash and cash equivalents	10,543	4,882
Bank overdrafts	<u>(343,041)</u>	<u>(588,415)</u>
	<u>(332,498)</u>	<u>(583,533)</u>

Period ended 31 December 2019

	31.12.19 £	1.7.19 £
Cash and cash equivalents	4,882	2,459
Bank overdrafts	<u>(588,415)</u>	<u>(727,186)</u>
	<u>(583,533)</u>	<u>(724,727)</u>

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**
3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.20 £	Cash flow £	At 31.12.20 £
Net cash			
Cash at bank and in hand	4,882	5,661	10,543
Bank overdrafts	(588,415)	245,374	(343,041)
	<u>(583,533)</u>	<u>251,035</u>	<u>(332,498)</u>
Debt			
Finance leases	(1,295,789)	(158,901)	(1,454,690)
Debts falling due within 1 year	(71,189)	(2,949)	(74,138)
Debts falling due after 1 year	(512,027)	5,784	(506,243)
	<u>(1,879,005)</u>	<u>(156,066)</u>	<u>(2,035,071)</u>
Total	<u>(2,462,538)</u>	<u>94,969</u>	<u>(2,367,569)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. STATUTORY INFORMATION

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

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Basis of consolidation

These group accounts are prepared using the acquisition method.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover is recognised once a purchase order is raised.

Goodwill

Negative goodwill, being the excess of the net fair value of the identifiable assets and liabilities over the cost of the acquisition of Frank Sutton Limited in 2019, is being amortised evenly over its estimated useful life of three years.

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.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, plus any costs directly attributable to bringing the asset to its working condition for intended use.

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

Freehold property	- Straight line over 20 years
Long leasehold	- Straight line over 15 years
Plant and machinery	- at varying rates on cost
Motor vehicles	- 25% on cost

Land is not depreciated.

Government grants

The company receives government grants in relation to the UK government Covid-19 job retention scheme. These grants are recognised in the period in which they become receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Machinery stock is valued at the lower of cost and net realisable value. Parts stock is valued at average cost.

If after twelve months an item of plant and machinery for resale remains in stock, the company will write down the asset by 20% reducing balance each year. Parts stock is written down by 100% when it is three years old.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, 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.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020
2. ACCOUNTING POLICIES - continued
Hire purchase and leasing commitments

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

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

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

Pension costs and other post-retirement benefits

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

3. TURNOVER

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

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

	Year Ended 31.12.20	Period 1.7.19 to 31.12.19
	£	£
Sale of goods	15,254,705	7,858,262
Rent receivable	910	455
Commissions receivable	77,151	39,318
Bonus income	133,358	59,616
Hire income	70,483	40,688
	<u>15,536,607</u>	<u>7,998,339</u>

An analysis of turnover by geographical market is given below:

	Year Ended 31.12.20	Period 1.7.19 to 31.12.19
	£	£
United Kingdom	15,499,607	7,998,339
Europe	37,000	-
	<u>15,536,607</u>	<u>7,998,339</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

4. OTHER OPERATING INCOME

	Year Ended 31.12.20 £	Period 1.7.19 to 31.12.19 £
Government grants	<u>28,502</u>	<u>-</u>

5. EMPLOYEES AND DIRECTORS

	Year Ended 31.12.20 £	Period 1.7.19 to 31.12.19 £
Wages and salaries	924,119	458,361
Social security costs	84,334	38,050
Other pension costs	<u>15,822</u>	<u>7,411</u>
	<u>1,024,275</u>	<u>503,822</u>

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

	Year Ended 31.12.20	Period 1.7.19 to 31.12.19
Admin	3	3
Sales	4	4
Lorry drivers	2	2
Stores	5	5
Workshop	<u>15</u>	<u>15</u>
	<u>29</u>	<u>29</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 29 (2019 - 29) .

	Year Ended 31.12.20 £	Period 1.7.19 to 31.12.19 £
Directors' remuneration	<u>38,841</u>	<u>19,176</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020
6. OPERATING PROFIT

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

	Year Ended 31.12.20	Period 1.7.19 to 31.12.19
	£	£
Hire of plant and machinery	4,404	1,557
Other operating leases	-	5,000
Depreciation - owned assets	85,493	34,006
Depreciation - assets on hire purchase contracts	165,617	70,669
Profit on disposal of fixed assets	(115,604)	(69,262)
Goodwill amortisation	(14,547)	(7,273)
Auditors' remuneration	13,000	2,921
Auditors remuneration for non audit work	-	1,040

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 31.12.20	Period 1.7.19 to 31.12.19
	£	£
Bank interest	16,898	20,725
Bank loan interest	16,815	6,946
Interest on overdue tax	386	-
Hire purchase	59,813	24,258
	<u>93,912</u>	<u>51,929</u>

8. TAXATION**Analysis of the tax charge**

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

	Year Ended 31.12.20	Period 1.7.19 to 31.12.19
	£	£
Current tax:		
UK corporation tax	77,417	44,527
Deferred tax	10,851	(4,998)
Tax on profit	<u>88,268</u>	<u>39,529</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

8. TAXATION - continued**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:

	Year Ended 31.12.20 £	Period 1.7.19 to 31.12.19 £
Profit before tax	413,198	371,311
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	78,508	70,549
Effects of:		
Expenses not deductible for tax purposes	-	12,962
Capital allowances in excess of depreciation	-	(25,961)
Depreciation in excess of capital allowances	21,548	-
Deferred tax	10,851	(4,998)
Profit on sale of assets	(21,965)	420
Chargeable gains	2,090	-
Adjustment to tax charges between periods	-	(12,061)
Consolidation adjustments	(2,764)	(1,382)
Total tax charge	<u>88,268</u>	<u>39,529</u>

9. INDIVIDUAL INCOME STATEMENT

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

10. DIVIDENDS

	Year Ended 31.12.20 £	Period 1.7.19 to 31.12.19 £
Ordinary shares of £1 each		
Interim	<u>200,000</u>	<u>200,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

11. INTANGIBLE FIXED ASSETS

Group

Goodwill
£**COST**At 1 January 2020
and 31 December 2020(43,642)**AMORTISATION**At 1 January 2020
Amortisation for year
At 31 December 2020(14,547)(14,547)(29,094)**NET BOOK VALUE**At 31 December 2020
At 31 December 2019(14,548)(29,095)

12. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Long leasehold £	Plant and machinery £	Motor vehicles £	Totals £
COST					
At 1 January 2020	1,320,000	318,738	246,380	884,777	2,769,895
Additions	-	-	2,661	495,536	498,197
Disposals	-	-	-	(391,000)	(391,000)
At 31 December 2020	<u>1,320,000</u>	<u>318,738</u>	<u>249,041</u>	<u>989,313</u>	<u>2,877,092</u>
DEPRECIATION					
At 1 January 2020	16,667	105,282	212,267	415,631	749,847
Charge for year	50,000	21,229	7,141	172,740	251,110
Eliminated on disposal	-	-	-	(135,104)	(135,104)
At 31 December 2020	<u>66,667</u>	<u>126,511</u>	<u>219,408</u>	<u>453,267</u>	<u>865,853</u>
NET BOOK VALUE					
At 31 December 2020	<u>1,253,333</u>	<u>192,227</u>	<u>29,633</u>	<u>536,046</u>	<u>2,011,239</u>
At 31 December 2019	<u>1,303,333</u>	<u>213,456</u>	<u>34,113</u>	<u>469,146</u>	<u>2,020,048</u>

Included in cost of land and buildings is freehold land of £320,000 (2019 - £320,000) which is not depreciated.

Included in freehold property is investment property rented to Frank Sutton Limited. At the year end the carrying value of this property was £1,253,333 (P/E December 2019: £1,303,333).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

12. TANGIBLE FIXED ASSETS - continued

Group

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 January 2020	700,423
Additions	396,536
Disposals	(391,000)
Transfer to ownership	(20,000)
At 31 December 2020	<u>685,959</u>
DEPRECIATION	
At 1 January 2020	238,025
Charge for year	165,617
Eliminated on disposal	(135,104)
Transfer to ownership	(12,500)
At 31 December 2020	<u>256,038</u>
NET BOOK VALUE	
At 31 December 2020	<u>429,921</u>
At 31 December 2019	<u>462,398</u>

Company

	Freehold property £
COST	
At 1 January 2020 and 31 December 2020	<u>1,320,000</u>
DEPRECIATION	
At 1 January 2020	16,667
Charge for year	<u>50,000</u>
At 31 December 2020	<u>66,667</u>
NET BOOK VALUE	
At 31 December 2020	<u>1,253,333</u>
At 31 December 2019	<u>1,303,333</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

13. FIXED ASSET INVESTMENTS

Company

Shares in
group
undertakings
£

COST

At 1 January 2020
and 31 December 20202,186,424

NET BOOK VALUE

At 31 December 2020
At 31 December 20192,186,4242,186,424

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary

Frank Sutton Limited

Registered office: Castle Garage, Cuckoos Row, Raglan, Monmouthshire, NP15 2HH

Nature of business: Supply and maintenance of agricultural machinery

Class of shares:	% holding
Ordinary	100.00

	2020 £	2019 £
Aggregate capital and reserves	2,665,972	2,451,383
Profit/(loss) for the year/period	<u>2,664,972</u>	<u>(486,763)</u>

14. STOCKS

Group

	2020 £	2019 £
Finished goods	<u>5,247,887</u>	<u>5,184,823</u>

The cost of stock recognised as an expense during the year was £13,341,228 (P/e December 2019: £6,558,475).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	915,691	1,943,108	-	-
Amounts recoverable on contract	151,204	83,585	-	-
Other debtors	11,382	78,693	-	-
VAT	-	-	350	310
Prepayments and accrued income	256,914	193,403	-	-
	<u>1,335,191</u>	<u>2,298,789</u>	<u>350</u>	<u>310</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts (see note 18)	417,179	659,604	69,138	71,189
Hire purchase contracts (see note 19)	1,158,603	1,175,106	-	-
Trade creditors	2,453,039	3,834,462	-	3,360
Amounts owed to group undertakings	-	-	501,204	406,020
Tax	128,417	117,016	9,089	1,544
Social security and other taxes	19,332	17,868	-	-
VAT	86,298	8,120	-	-
Other creditors	246,008	69,862	-	-
Directors' current accounts	321,521	394,515	321,521	394,515
Accruals and deferred income	377,483	125,863	3,000	2,500
	<u>5,207,880</u>	<u>6,402,416</u>	<u>903,952</u>	<u>879,128</u>

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

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans (see note 18)	506,243	512,027	461,243	512,027
Hire purchase contracts (see note 19)	296,087	120,683	-	-
	<u>802,330</u>	<u>632,710</u>	<u>461,243</u>	<u>512,027</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

18. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	343,041	588,415	-	-
Bank loans	<u>74,138</u>	<u>71,189</u>	<u>69,138</u>	<u>71,189</u>
	<u>417,179</u>	<u>659,604</u>	<u>69,138</u>	<u>71,189</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>79,138</u>	<u>71,189</u>	<u>69,138</u>	<u>71,189</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>237,414</u>	<u>213,567</u>	<u>207,414</u>	<u>213,567</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 yr by instal	<u>189,691</u>	<u>227,271</u>	<u>184,691</u>	<u>227,271</u>

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2020	2019
	£	£
Net obligations repayable:		
Within one year	1,158,603	1,175,106
Between one and five years	<u>296,087</u>	<u>120,683</u>
	<u>1,454,690</u>	<u>1,295,789</u>

Group

	Non-cancellable	operating leases
	2020	2019
	£	£
Within one year	4,404	4,404
Between one and five years	<u>8,808</u>	<u>13,212</u>
	<u>13,212</u>	<u>17,616</u>

Operating lease payments recognised as an expense during the year amounted to £4,404 (2019: £4,404).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020
20. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2020	2019
	£	£
Bank overdrafts	343,041	588,415
Bank loans	580,381	583,216
Hire purchase contracts	1,454,690	1,295,789
	<u>2,378,112</u>	<u>2,467,420</u>

The bank overdraft of £343,041 (December 2019: £588,415) is repayable on demand and is secured by a debenture on the banks standard form dated 6 July 2004 and a cross guarantee and debenture between Frank Sutton Holdings Limited dated 19 March 2019.

The bank loan is secured by is secured via the following:

- A charge over Marley Industrial Estate, St Mary Hill, Bridgend, CF35 5DU dated 20 August 2019
- A charge over Castle Garage, Monmouth Road, Raglan, NP15 2HH dated 20 August 2019
- A cross guarantee and debenture between Frank Sutton Limited dated 19 March 2019

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

21. FINANCIAL INSTRUMENTS

The carrying amount for each category of financial instrument is as follows:

Financial assets measured at amortised cost

	2020	2019
	£	£
Trade debtors	920,139	1,943,108
Other debtors	11,382	78,693
Cash at bank and in hand	10,543	4,882
	<u>942,064</u>	<u>2,026,683</u>

Financial liabilities measured at amortised cost

	2020	2019
	£	£
Bank overdrafts	343,041	588,415
Bank loans	580,381	583,216
Trade creditors	2,453,039	3,834,462
Other creditors	246,008	69,862
Finance leases	1,454,690	1,295,789
	<u>5,077,159</u>	<u>6,371,744</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

22. PROVISIONS FOR LIABILITIES

	Group	
	2020	2019
	£	£
Deferred tax	<u>116,089</u>	<u>105,238</u>
Group		
		Deferred tax
		£
Balance at 1 January 2020		105,238
Charge to Income Statement during year		<u>10,851</u>
Balance at 31 December 2020		<u>116,089</u>

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2020	2019
Number:	Class:	Nominal value:	£	£
750	Ordinary	£1	750	750
250	Ordinary B	£1	<u>250</u>	<u>250</u>
			<u>1,000</u>	<u>1,000</u>

24. RESERVES

Group			
	Retained earnings	Share premium	Totals
	£	£	£
At 1 January 2020	152,559	2,185,524	2,338,083
Profit for the year	324,930		324,930
Dividends	(200,000)		(200,000)
At 31 December 2020	<u>277,489</u>	<u>2,185,524</u>	<u>2,463,013</u>
Company			
	Retained earnings	Share premium	Totals
	£	£	£
At 1 January 2020	(83,305)	2,185,524	2,102,219
Profit for the year	182,052		182,052
Dividends	(200,000)		(200,000)
At 31 December 2020	<u>(101,253)</u>	<u>2,185,524</u>	<u>2,084,271</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

25. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. Pension costs amounted to £18,823 (2019 - £16,483).

Unpaid contributions outstanding at 31 December 2020 amounted to £1,155 (2019 - £592).

26. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the year ended 31 December 2020 and the period ended 31 December 2019:

	2020 £	2019 £
C F Sutton and Mrs M Sutton		
Balance outstanding at start of year	-	562,861
Amounts advanced	-	183,101
Amounts repaid	-	(745,962)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>-</u>

At the balance sheet date £321,521 (P/e December 2019: £394,515) was owed to the directors. No interest was charged on this loan.

27. RELATED PARTY DISCLOSURES

The ultimate controlling party is the Sutton family.

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.