

Registered number: SC100191

**AGRICAR LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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COMPANIES HOUSE

# **AGRICAR LIMITED**

## **COMPANY INFORMATION**

### **DIRECTORS**

J D Milne  
J Johnston  
Mrs W Smith  
M J Milne  
D Johnston

### **COMPANY SECRETARY**

Mrs W Smith

### **REGISTERED NUMBER**

SC100191

### **REGISTERED OFFICE**

6 Lochside Road  
Forfar  
Angus  
DD8 3JE

### **INDEPENDENT AUDITORS**

EQ Accountants LLP  
Chartered Accountants & Statutory Auditors  
14 City Quay  
Dundee  
DD1 3JA

### **BANKERS**

Barclays Bank  
163-165 Union Street  
Aberdeen  
AB11 6SL

## **AGRICAR LIMITED**

### **CONTENTS**

	Page
<b>Strategic Report</b>	<b>1</b>
<b>Directors' Report</b>	<b>2 - 3</b>
<b>Independent Auditors' Report</b>	<b>4 - 5</b>
<b>Statement of Comprehensive Income</b>	<b>6</b>
<b>Statement of Financial Position</b>	<b>7</b>
<b>Statement of Changes in Equity</b>	<b>8</b>
<b>Statement of Cash Flows</b>	<b>9</b>
<b>Notes to the Financial Statements</b>	<b>10 - 23</b>

## **AGRICAR LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **INTRODUCTION**

The company's principal activity continues to be the sale of tractors and other agricultural machinery, together with related parts and servicing. There have been no significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the forthcoming year.

#### **BUSINESS REVIEW**

The past year proved to be a very difficult and challenging one for the agricultural sector and this is reflected in the years trading results.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

##### **Commercial risks**

Competitive pressures in the local area is a continuing risk for the company, which could result in it losing sales to competitors. The company manages this risk by providing added value services to its customers, having fast response times not only in supplying products but in handling all customer queries and by maintaining strong relationships with its customers. The company has franchise agreements with good quality suppliers and these agreements ensure that the company has exclusivity of supply of strong brand-named goods in the local area.

##### **Environmental risks**

The company recognises the importance of its environmental responsibilities and monitors its impact on the environment by implementing any policies necessary to reduce any damage that might be caused by the company's activities.

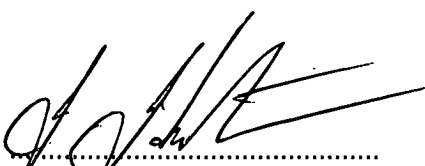
##### **Health and safety legislation**

The company recognises the importance and implications of the Health & Safety at Work Act 1974, the Environmental Protection Legislation and all new Health and Safety legislation, included that being introduced through EU derivatives. The company holds regular meetings in which health and safety matters are discussed and any relevant information is filtered down to staff.

#### **FINANCIAL KEY PERFORMANCE INDICATORS**

The gross profit % has remained consistent with previous years at 14.9% (2015 - 13.7%).

This report was approved by the board on 22 March 2017 and signed on its behalf.



J. Johnston  
Director

## **AGRICAR LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their report and the financial statements for the year ended 31 December 2016.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £29,517 (2015 - £46,504).

No dividends are recommended to be paid.

#### **DIRECTORS**

The directors who served during the year were:

J D Milne  
J Johnston  
Mrs W Smith  
M J Milne  
D Johnston

#### **FUTURE DEVELOPMENTS**

There are not expected to be any major changes in the Company's business for the foreseeable future.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.


**AGRICAR LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**AUDITORS**

Under section 487(2) of the Companies Act 2006, EQ Accountants LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 22 March 2017 and signed on its behalf.

  
.....  
J Johnston  
Director

## **AGRICAR LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AGRICAR LIMITED**

We have audited the financial statements of Agricar Limited for the year ended 31 December 2016, set out on pages 6 to 23. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

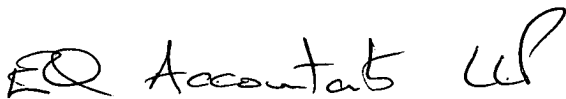
**AGRICAR LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AGRICAR LIMITED (CONTINUED)**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

EQ Accountants LLP

Douglas Rae (Senior Statutory Auditor)

for and on behalf of  
**EQ Accountants LLP**

Chartered Accountants  
Statutory Auditors

14 City Quay  
Dundee  
DD1 3JA

24 March 2017



**AGRICAR LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover	4	27,828,125	31,322,341
Cost of sales		(23,685,967)	(27,044,415)
<b>GROSS PROFIT</b>		<b>4,142,158</b>	<b>4,277,926</b>
Administrative expenses		(4,009,169)	(4,103,889)
<b>OPERATING PROFIT</b>	5	<b>132,989</b>	<b>174,037</b>
Interest payable and expenses	9	(117,356)	(114,428)
<b>PROFIT BEFORE TAX</b>		<b>15,633</b>	<b>59,609</b>
Tax on profit	10	13,884	(13,105)
<b>PROFIT FOR THE YEAR</b>		<b>29,517</b>	<b>46,504</b>

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.


There was no other comprehensive income for 2016 (2015:£NIL).

**AGRICAR LIMITED**  
**REGISTERED NUMBER: SC100191**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

	Note	2016 £	2015 £
Tangible assets	11	2,153,366	2,223,272
		<u>2,153,366</u>	<u>2,223,272</u>
<b>CURRENT ASSETS</b>			
Stocks	12	6,377,189	6,981,070
Debtors: amounts falling due within one year	13	2,133,439	2,654,200
		<u>8,510,628</u>	<u>9,635,270</u>
Creditors: amounts falling due within one year	14	(6,403,267)	(7,542,573)
<b>NET CURRENT ASSETS</b>		<u>2,107,361</u>	<u>2,092,697</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,260,727</u>	<u>4,315,969</u>
Creditors: amounts falling due after more than one year	15	(392,349)	(453,473)
		<u>3,868,378</u>	<u>3,862,496</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	19	(63,793)	(87,428)
		<u>(63,793)</u>	<u>(87,428)</u>
<b>NET ASSETS</b>		<u><u>3,804,585</u></u>	<u><u>3,775,068</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	21	75,000	75,000
Revaluation reserve	20	849,191	849,191
Capital redemption reserve	20	305,000	305,000
Profit and loss account	20	2,575,394	2,545,877
		<u><u>3,804,585</u></u>	<u><u>3,775,068</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 March 2017.

  
 .....  
**J D Milne**  
 Director

The notes on pages 10 to 23 form part of these financial statements.

**AGRICAR LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2016	75,000	305,000	849,191	2,545,877	3,775,068
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>					
Profit for the year	-	-	-	29,517	29,517
<b>AT 31 DECEMBER 2016</b>	<b>75,000</b>	<b>305,000</b>	<b>849,191</b>	<b>2,575,394</b>	<b>3,804,585</b>

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

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2015	75,000	305,000	849,191	2,499,373	3,728,564
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>					
Profit for the year	-	-	-	46,504	46,504
<b>AT 31 DECEMBER 2015</b>	<b>75,000</b>	<b>305,000</b>	<b>849,191</b>	<b>2,545,877</b>	<b>3,775,068</b>

The notes on pages 10 to 23 form part of these financial statements.

**AGRICAR LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 £	2015 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the financial year	29,517	46,504
<b>ADJUSTMENTS FOR:</b>		
Depreciation of tangible assets	302,334	319,585
Loss on disposal of tangible assets	(26,982)	(131,251)
Interest paid	117,356	114,429
Taxation charge	(13,884)	13,105
Decrease in stocks	603,881	286,479
Decrease/(increase) in debtors	520,762	(525,110)
(Decrease)/increase in creditors	(1,458,515)	161,678
Corporation tax (paid)	(36,885)	(23,962)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>37,584</b>	<b>261,457</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible fixed assets	(248,655)	(196,514)
Sale of tangible fixed assets	43,207	194,661
HP interest paid	(16,939)	(25,414)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(222,387)</b>	<b>(27,267)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of loans	(3,037,491)	(45,000)
Other new loans	4,467,220	-
Repayment of/new finance leases	(167,347)	(125,118)
Interest paid	(100,417)	(89,015)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>1,161,965</b>	<b>(259,133)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>977,162</b>	<b>(24,943)</b>
Cash and cash equivalents at beginning of year	(1,506,960)	(1,482,017)
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>(529,798)</b>	<b>(1,506,960)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:</b>		
Bank overdrafts	(529,798)	(1,506,960)
	<b>(529,798)</b>	<b>(1,506,960)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

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

The presentation currency is £ sterling.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**1.2 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.3 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land and buildings	- 2% straight line
Tenant's improvements	- 7% - 33.3% straight line
Plant and machinery	- 20 - 25% straight line
Motor vehicles	- 24% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

In accordance with paragraph 35.10 (d) of FRS 102, the company has elected to use a previous revaluation as deemed cost for freehold land and buildings. As the assets are depreciated or sold, an appropriate transfer is made from the revaluation reserve to the profit and loss account reserve.

No depreciation has been charged on land and buildings since transition to FRS 102, as the directors are of the opinion that the residual value is not materially lower than the net book value.

**1.4 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**1.5 Operating leases: the Company as lessor**

Rentals income from operating leases is credited to the Statement of Comprehensive Income on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.6 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**1.7 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**1.8 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.9 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**1.10 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**1.11 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**1.12 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

**1.13 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.14 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2. GENERAL INFORMATION**

The entity is a private company limited by share capital, registered in Scotland with its registered office situated at 6 Lochside Road, Forfar, Angus, DD8 3JE.

**3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY**

Judgement is used to assess whether there has been any impairment in the value of stock, debtors and fixed assets at the year end.

**4. TURNOVER**

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	27,451,195	31,018,702
Rest of Europe	376,930	303,639
	<u>27,828,125</u>	<u>31,322,341</u>

**AGRICAR LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**5. OPERATING PROFIT**

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	302,335	319,585
Defined contribution pension cost	94,035	93,730

**6. AUDITORS' REMUNERATION**

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	11,800	12,000

**7. EMPLOYEES**

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	3,036,649	3,169,541
Social security costs	300,728	316,489
Cost of defined contribution scheme	94,035	93,730
	<u>3,431,412</u>	<u>3,579,760</u>

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

	2016 No.	2015 No.
Average number of employees	<u>117</u>	<u>126</u>

# **AGRICAR LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

### **8. DIRECTORS' REMUNERATION**

	2016 £	2015 £
Directors' emoluments	271,392	292,800
Company contributions to defined contribution pension schemes	30,881	28,530
	<u>302,273</u>	<u>321,330</u>

During the year retirement benefits were accruing to 1 director (2015 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £81,190 (2015 - £79,637).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,023 (2015 - £6,500).

### **9. INTEREST PAYABLE AND SIMILAR CHARGES**

	2016 £	2015 £
Bank interest payable	40,945	43,956
Other loan interest payable	59,472	45,058
Finance leases and hire purchase contracts	16,939	25,414
	<u>117,356</u>	<u>114,428</u>

**AGRICAR LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**10. TAXATION**

	2016 £	2015 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	9,943	37,077
Adjustments in respect of previous periods	(192)	-
	<u>9,751</u>	<u>37,077</u>
<b>TOTAL CURRENT TAX</b>	<u>9,751</u>	<u>37,077</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	(23,635)	(23,972)
<b>TOTAL DEFERRED TAX</b>	<u>(23,635)</u>	<u>(23,972)</u>
<b>TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES</b>	<u>(13,884)</u>	<u>13,105</u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2015 - *higher than*) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>15,633</u>	<u>59,608</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	3,127	11,922
<b>EFFECTS OF:</b>		
Capital allowances for year in excess of depreciation	(11,423)	6,876
Adjustments to tax charge in respect of prior periods	(192)	-
Book profit on chargeable assets	(5,396)	(5,693)
<b>TOTAL TAX CHARGE/(CREDIT) FOR THE YEAR</b>	<u>(13,884)</u>	<u>13,105</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges.

**AGRICAR LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**11. TANGIBLE FIXED ASSETS**

	Land and buildings £	Tenant's improvements £	Plant and machinery £	Motor vehicles £	Total £
<b>COST OR VALUATION</b>					
At 1 January 2016	1,613,944	93,587	663,144	1,311,561	3,682,236
Additions	32,185	-	15,508	200,962	248,655
Disposals	-	-	(89,466)	(272,194)	(361,660)
At 31 December 2016	<u>1,646,129</u>	<u>93,587</u>	<u>589,186</u>	<u>1,240,329</u>	<u>3,569,231</u>
<b>DEPRECIATION</b>					
At 1 January 2016	-	65,648	596,766	796,550	1,458,964
Charge for the period on owned assets	-	4,589	35,523	262,223	302,335
Disposals	-	-	(89,466)	(255,968)	(345,434)
At 31 December 2016	<u>-</u>	<u>70,237</u>	<u>542,823</u>	<u>802,805</u>	<u>1,415,865</u>
<b>NET BOOK VALUE</b>					
At 31 December 2016	<u>1,646,129</u>	<u>23,350</u>	<u>46,363</u>	<u>437,524</u>	<u>2,153,366</u>
At 31 December 2015	<u>1,613,944</u>	<u>27,939</u>	<u>66,378</u>	<u>515,011</u>	<u>2,223,272</u>

The net book value of land and buildings may be further analysed as follows:

	2016 £	2015 £
Freehold	1,646,129	1,613,944
Long leasehold	23,350	27,939
	<u>1,669,479</u>	<u>1,641,883</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £	2015 £
Plant and machinery	-	11,400
Motor vehicles	380,021	339,989
	<u>380,021</u>	<u>351,389</u>

## AGRICAR LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

#### 12. STOCKS

	2016 £	2015 £
Work in progress	56,746	54,173
Finished goods and goods for resale	6,320,443	6,926,897
	<u>6,377,189</u>	<u>6,981,070</u>

Stock recognised in cost of sales during the year as an expense was £22,703,408 (2015 - £26,137,963).

An impairment loss of £116,870 (2015 - 192,760) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

Individual units of stock are secured against a stocking agreement with Lombard providing an on-demand credit facility repayable within 360 days. This is disclosed within other loans at note 14.

#### 13. DEBTORS

	2016 £	2015 £
Trade debtors	2,046,118	2,590,519
Prepayments and accrued income	87,321	63,681
	<u>2,133,439</u>	<u>2,654,200</u>

# **AGRICAR LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

### **14. CREDITORS: Amounts falling due within one year**

	2016 £	2015 £
Bank overdrafts	529,798	1,506,960
Bank loans	45,000	45,000
Other loans	1,474,729	-
Trade creditors	2,515,754	4,525,255
Corporation tax	9,943	37,077
Taxation and social security	529,494	271,525
Obligations under finance lease and hire purchase contracts	178,898	330,122
Other creditors	22,108	22,090
Accruals and deferred income	1,097,543	804,544
	<u>6,403,267</u>	<u>7,542,573</u>

The bank overdraft and bank loans are secured in favour of Barclays Bank Plc who hold a floating charge over the whole of the assets of the company, and a standard security over the land and buildings of the company.

Other loans comprises a stocking agreement with Lombard providing an on-demand credit facility secured against individual units of stock, repayable within 360 days.

Obligations under finance lease and hire purchase contracts are secured against the relevant tangible fixed assets.

### **15. CREDITORS: Amounts falling due after more than one year**

	2016 £	2015 £
Bank loans	270,000	315,000
Net obligations under finance leases and hire purchase contracts	122,349	138,473
	<u>392,349</u>	<u>453,473</u>

#### **Secured loans**

The bank loans are secured in favour of Barclays Bank Plc who hold a floating charge over the whole of the assets of the company, and a standard security over the land and buildings of the company.

Obligations under finance lease and hire purchase contracts are secured against the relevant tangible fixed assets.

**AGRICAR LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**16. LOANS**

Analysis of the maturity of loans is given below:

	2016 £	2015 £
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Bank loans	45,000	45,000
Other loans	1,474,729	-
	<u>1,519,729</u>	<u>45,000</u>
<b>AMOUNTS FALLING DUE 1-2 YEARS</b>		
Bank loans	45,000	45,000
	<u>45,000</u>	<u>45,000</u>
<b>AMOUNTS FALLING DUE 2-5 YEARS</b>		
Bank loans	225,000	270,000
	<u>225,000</u>	<u>270,000</u>
	<u>1,789,729</u>	<u>360,000</u>

**17. HIRE PURCHASE AND FINANCE LEASES**

Minimum lease payments under hire purchase fall due as follows:

	2016 £	2015 £
Within one year	178,898	330,122
Between 1-2 years	93,491	111,940
Between 2-5 years	28,858	26,533
	<u>301,247</u>	<u>468,595</u>



**AGRICAR LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**18. FINANCIAL INSTRUMENTS**

	2016 £	2015 £
<b>FINANCIAL ASSETS</b>		
Financial assets that are debt instruments measured at amortised cost	2,046,117	2,590,519
	<u>2,046,117</u>	<u>2,590,519</u>
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	(5,932,824)	(7,196,759)
	<u>(5,932,824)</u>	<u>(7,196,759)</u>

Financial assets measured at amortised cost comprise trade debtors.

Financial liabilities measured at amortised cost comprise trade creditors, bank loans and overdrafts, accruals and other loans.

**19. DEFERRED TAXATION**

	2016 £	2015 £
At beginning of year	(87,428)	(111,400)
Charged to the profit or loss	23,635	23,972
<b>AT END OF YEAR</b>	<u>(63,793)</u>	<u>(87,428)</u>

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	(63,793)	(87,428)
	<u>(63,793)</u>	<u>(87,428)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**20. RESERVES**

**Revaluation reserve**

Revaluation reserve is a non-distributable reserve which comprises revaluation gains on land and buildings. The revaluation reserve will be realised as the assets are depreciated or sold.

**Capital redemption reserve**

Capital redemption reserve is a non-distributable reserve which arose from the redemption of shares in a previous period.

**Profit and loss account**

Profit and loss account is a distributable reserve which includes all current and prior year retained profits and losses.

**21. SHARE CAPITAL**

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
75,000 Ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>

**22. PENSION COMMITMENTS**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £94,035 (2015 - £93,730).

At the year end total pension contributions, including employee contributions, of £22,108 (2015 - £22,090) were outstanding. There was no accrual or prepayment at the year end.

**23. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	184,575	184,575
Later than 1 year and not later than 5 years	581,059	692,976
Later than 5 years	377,167	445,958
	<u>1,142,801</u>	<u>1,323,509</u>