

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 30th September 2018
for
James Gordon Limited

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for the Year Ended 30th September 2018

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James Gordon Limited
Company Information
for the Year Ended 30th September 2018

DIRECTORS:	W F Montgomerie N B Montgomerie A Parker
SECRETARY:	W F Montgomerie
REGISTERED OFFICE:	Dalbcaittic Road Castle Douglas Dumfries & Galloway DG7 1HZ
REGISTERED NUMBER:	SC293893 (Scotland)
AUDITORS:	Farries, Kirk and McVean Chartered Accountants Statutory Auditors Dumfries Enterprise Park Heathhall Dumfries DUMFRIESSHIRE DG1 3SJ
SOLICITORS:	Gillespie Gifford & Brown LLP 135 King Street Castle Douglas DG7 1NA

Strategic Report
for the Year Ended 30th September 2018

The directors present their strategic report for the year ended 30th September 2018.

James Gordon Limited is an agricultural engineering company. It sells and repairs agricultural machinery and associated parts. It also runs a petrol station in Castle Kennedy. The business has been in existence for over 150 years.

The directors believe that the company is well placed to service the agricultural industry in the south and west of Scotland and that the long experience that both they and their management team have in the local industry is to the benefit of both the company and its customers, many of whom have been with the company for generations.

REVIEW OF BUSINESS

The directors are delighted with the results. The company has had a very successful year of trade. Turnover has increased from £30.7m to £39.4m and gross profits have increased from £4.8m to almost £6m. Gross profit percentage has decreased though from 15.7% to 15.1% due to most of the increased sales being in lower margin areas but bottom line profits before tax have increased to £1.07m from £760k. The improved results can be attributed particularly to an increase this year in machinery sales, particularly in terms of trading for a full year in Doosan Construction Equipment. The directors are working to maintain profit levels next year. The Directors intend to maintain their close working relationship with Claas UK and Doosan.

Key Performance Indicators (KPI's)

Given the straightforward nature of the business, the directors are of the opinion that there are no additional KPI's other than the measures of turnover and gross profit reported above that are necessary for an understanding of the development, performance or position of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from both national and independent machinery dealers, employee retention and product availability.

Financial risk management

The company's operations expose it to little in the way of financial risk. However, a variety of financial risks do exist to an extent including credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual is subject to a limit which can only be reassessed by a director.

Liquidity risk

The company requires only limited short term debt finance to ensure there are sufficient available funds for operations.

Interest rate risk

The company has interest bearing liabilities including a bank overdraft and stocking loans. The amount of interest charged on these liabilities is not sufficient to significantly affect company operations.

FUTURE OUTLOOK

The company expects to continue trading profitably over the forthcoming twelve months and would hope to be able to maintain these much improved results. There are no plans for significant expansion within the next twelve months..

ON BEHALF OF THE BOARD:

W F Montgomerie - Director

14th June 2019

**Report of the Directors
for the Year Ended 30th September 2018**

The directors present their report with the financial statements of the company for the year ended 30th September 2018.

DIVIDENDS

An interim dividend of 25p per share was paid on 18th July 2018. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 30th September 2018 will be £ 97,500 .

DIRECTORS

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

W F Montgomerie
N B Montgomerie
A Parker

Other changes in directors holding office are as follows:

T Tyrrell - resigned 30th April 2018

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Farries, Kirk and McVean, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

W F Montgomerie - Director

14th June 2019

Report of the Independent Auditors to the Members of
James Gordon Limited

Opinion

We have audited the financial statements of James Gordon Limited (the 'company') for the year ended 30th September 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30th September 2018 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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 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.

Report of the Independent Auditors to the Members of
James Gordon Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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.

Robert Mitchell, BA CA (Senior Statutory Auditor)
for and on behalf of Farries, Kirk and McVean
Chartered Accountants
Statutory Auditors
Dumfries Enterprise Park
Heathhall
Dumfries
DUMFRIESSHIRE
DG1 3SJ

14th June 2019

Income Statement
for the Year Ended 30th September 2018

	Notes	2018 £	2017 £
TURNOVER	3	39,383,121	30,663,174
Cost of sales		<u>(33,440,180)</u>	<u>(25,843,503)</u>
GROSS PROFIT		5,942,941	4,819,671
Administrative expenses		<u>(4,823,671)</u>	<u>(4,015,467)</u>
		1,119,270	804,204
Other operating income		<u>5,053</u>	<u>7,211</u>
OPERATING PROFIT	6	1,124,323	811,415
Interest payable and similar expenses	7	<u>(56,454)</u>	<u>(51,905)</u>
PROFIT BEFORE TAXATION		1,067,869	759,510
Tax on profit	8	<u>(202,917)</u>	<u>(147,096)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>864,952</u>	<u>612,414</u>

The notes form part of these financial statements

James Gordon Limited (Registered number: SC293893)

Other Comprehensive Income
for the Year Ended 30th September 2018

	Notes	2018 £	2017 £
PROFIT FOR THE YEAR		864,952	612,414
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>864,952</u>	<u>612,414</u>

The notes form part of these financial statements

James Gordon Limited (Registered number: SC293893)

Balance Sheet
30th September 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible assets	10	556,217	404,556
CURRENT ASSETS			
Stocks	11	7,528,671	4,410,793
Debtors	12	4,722,315	3,854,368
Cash at bank and in hand		<u>2,576</u>	<u>174,460</u>
		12,253,562	8,439,621
CREDITORS			
Amounts falling due within one year	13	<u>(8,014,487)</u>	<u>(4,920,969)</u>
NET CURRENT ASSETS		<u>4,239,075</u>	<u>3,518,652</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,795,292	3,923,208
CREDITORS			
Amounts falling due after more than one year	14	(195,376)	(102,151)
PROVISIONS FOR LIABILITIES	19	<u>(37,868)</u>	<u>(26,461)</u>
NET ASSETS		<u>4,562,048</u>	<u>3,794,596</u>
CAPITAL AND RESERVES			
Called up share capital	20	390,000	390,000
Capital redemption reserve	21	10,000	10,000
Retained earnings	21	<u>4,162,048</u>	<u>3,394,596</u>
SHAREHOLDERS' FUNDS		<u>4,562,048</u>	<u>3,794,596</u>

The financial statements were approved and authorised for issue by the Board of Directors on 14th June 2019 and were signed on its behalf by:

W F Montgomerie - Director

**Statement of Changes in Equity
for the Year Ended 30th September 2018**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1st October 2016	390,000	2,782,182	10,000	3,182,182
Changes in equity				
Total comprehensive income	-	612,414	-	612,414
Balance at 30th September 2017	390,000	3,394,596	10,000	3,794,596
Changes in equity				
Dividends	-	(97,500)	-	(97,500)
Total comprehensive income	-	864,952	-	864,952
Balance at 30th September 2018	390,000	4,162,048	10,000	4,562,048

**Cash Flow Statement
for the Year Ended 30th September 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	313,185	1,442,207
Interest paid		(42,610)	(41,494)
Interest element of hire purchase payments paid		(13,844)	(10,411)
Tax paid		(133,108)	(40,572)
Net cash from operating activities		<u>123,623</u>	<u>1,349,730</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(54,302)	(75,621)
Sale of tangible fixed assets		<u>24,086</u>	<u>49,520</u>
Net cash from investing activities		<u>(30,216)</u>	<u>(26,101)</u>
Cash flows from financing activities			
Inter-company loan		(226,568)	(40,416)
Stocking loan		13,158	80,567
Capital repayments in year		(195,965)	(142,181)
Equity dividends paid		<u>(97,500)</u>	<u>-</u>
Net cash from financing activities		<u>(506,875)</u>	<u>(102,030)</u>
(Decrease)/increase in cash and cash equivalents		<u>(413,468)</u>	<u>1,221,599</u>
Cash and cash equivalents at beginning of year	2	174,460	(1,047,139)
Cash and cash equivalents at end of year	2	<u>(239,008)</u>	<u>174,460</u>

Notes to the Cash Flow Statement
for the Year Ended 30th September 2018

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
Profit before taxation	1,067,869	759,510
Depreciation charges	233,004	190,017
Profit on disposal of fixed assets	(24,086)	(30,020)
Finance costs	56,454	51,905
	<u>1,333,241</u>	<u>971,412</u>
Increase in stocks	(3,117,878)	(208,781)
Increase in trade and other debtors	(641,378)	(1,066,029)
Increase in trade and other creditors	<u>2,739,200</u>	<u>1,745,605</u>
Cash generated from operations	<u>313,185</u>	<u>1,442,207</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 30th September 2018

	30.9.18	1.10.17
	£	£
Cash and cash equivalents	2,576	174,460
Bank overdrafts	<u>(241,584)</u>	<u>-</u>
	<u>(239,008)</u>	<u>174,460</u>

Year ended 30th September 2017

	30.9.17	1.10.16
	£	£
Cash and cash equivalents	174,460	1,957
Bank overdrafts	<u>-</u>	<u>(1,049,096)</u>
	<u>174,460</u>	<u>(1,047,139)</u>

Notes to the Financial Statements
for the Year Ended 30th September 2018

1. STATUTORY INFORMATION

James Gordon Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company 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.

Significant judgements and estimates

The following represent the significant judgements and estimates in the financial statements:

Depreciation as detailed separately in the Tangible Fixed Assets policy.

Provision for bad debt which is calculated on a specific case by case basis.

Provision against warranty debt which is also calculated specifically.

Provision against both parts and machinery stock values. Machinery stock provisions are specifically calculated on individual machinery where necessary. The company provides in full against all parts stock greater than 18 months old.

Turnover

Turnover represents the net invoiced sales of goods and services, excluding value added tax. The company sells agricultural machinery and supplies as well as repairing such machinery. It also sells road fuels and ancillary goods from a petrol station in Castle Kennedy.

The point of sale for machinery and goods is the point of supply to the customer except in some occasional cases where a special order might mean point of sale is at point of order. Repair work is invoiced on completion of the work involved to customer satisfaction. Any deposits taken are not recognised as sales but instead credited against a customer account until such times as the goods are supplied.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery - 25% on cost and 20% on cost

Motor vehicles - 25% on cost

Amounts written off each asset over the estimated useful life represent cost less residual value.

Stocks

Parts stocks, not individually identifiable, are valued on an average cost basis. Fuel stocks are valued at most recent cost price. Individual items of agricultural machinery are valued at the lower of actual cost and net realisable value. Obsolete items and slow moving items are not valued.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the 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.

Notes to the Financial Statements - continued
for the Year Ended 30th September 2018

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.

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

Financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for the sale of goods and services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price and represent the full value of the goods and services charged to customers, including any amounts charged on for third parties.

Trade Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date they are presented as non current liabilities.

Borrowings

Interest bearing borrowings are initially recorded at transaction price, net of transaction costs. Subsequently they are measured at amortised cost using the effective interest rate method, less impairment.

Interest expense is recognised on the basis of the effective interest rate method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Share Capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Notes to the Financial Statements - continued
for the Year Ended 30th September 2018

3. TURNOVER

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

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

	2018 £	2017 £
Sale of goods	37,490,039	29,030,377
Rendering of services	1,893,082	1,632,797
	<u>39,383,121</u>	<u>30,663,174</u>

4. EMPLOYEES AND DIRECTORS

	2018 £	2017 £
Wages and salaries	2,600,330	2,229,979
Social security costs	248,830	217,681
Other pension costs	159,962	152,483
	<u>3,009,122</u>	<u>2,600,143</u>

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

	2018	2017
Directors	3	3
Office and management	7	7
Direct employees	<u>76</u>	<u>67</u>
	<u>86</u>	<u>77</u>

5. DIRECTORS' EMOLUMENTS

	2018 £	2017 £
Directors' remuneration	226,804	223,353
Directors' pension contributions to money purchase schemes	<u>26,369</u>	<u>27,239</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2018	2017
Money purchase schemes	<u>3</u>	<u>3</u>

Information regarding the highest paid director is as follows:

	2018 £	2017 £
Emoluments etc	100,201	99,787
Pension contributions to money purchase schemes	<u>12,870</u>	<u>13,267</u>

The total remuneration in respect of key management personnel is the same as that of directors' remuneration.

Notes to the Financial Statements - continued
for the Year Ended 30th September 2018

6. OPERATING PROFIT

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

	2018	2017
	£	£
Other operating leases	4,460	-
Depreciation - owned assets	107,390	62,400
Depreciation - assets on hire purchase contracts	125,614	127,618
Profit on disposal of fixed assets	(24,086)	(30,020)
Auditors' remuneration	16,500	15,000
Auditors' remuneration for non audit work	<u>7,500</u>	<u>7,250</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Bank interest	-	1
Montgomerie Holdings interest	-	15,000
Stocking loan interest	42,610	26,493
Hire purchase	<u>13,844</u>	<u>10,411</u>
	<u>56,454</u>	<u>51,905</u>

8. TAXATION

Analysis of the tax charge

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

	2018	2017
	£	£
Current tax:		
UK corporation tax	191,511	133,108
Corporation tax interest	-	9
Total current tax	<u>191,511</u>	<u>133,117</u>
Deferred tax	<u>11,406</u>	<u>13,979</u>
Tax on profit	<u>202,917</u>	<u>147,096</u>

UK corporation tax has been charged at 19% (2017 - 19.50%).

Notes to the Financial Statements - continued
for the Year Ended 30th September 2018

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:

	2018 £	2017 £
Profit before tax	<u>1,067,869</u>	<u>759,510</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.499%)	202,895	148,097
Effects of:		
Expenses not deductible for tax purposes	22	-
Capital allowances in excess of depreciation	(11,406)	(14,988)
Corporation tax interest	-	9
Deferred taxation	<u>11,406</u>	<u>13,978</u>
Total tax charge	<u>202,917</u>	<u>147,096</u>

The rate of corporation tax will fall to 18% from 1st April 2020.

9. DIVIDENDS

	2018 £	2017 £
Ordinary shares of £1 each		
Interim	<u>97,500</u>	<u>-</u>

10. TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1st October 2017	235,004	1,013,214	60,617	1,308,835
Additions	66,250	308,513	9,902	384,665
Disposals	<u>(39,230)</u>	<u>(114,187)</u>	<u>-</u>	<u>(153,417)</u>
At 30th September 2018	<u>262,024</u>	<u>1,207,540</u>	<u>70,519</u>	<u>1,540,083</u>
DEPRECIATION				
At 1st October 2017	206,251	661,256	36,772	904,279
Charge for year	19,684	202,851	10,469	233,004
Eliminated on disposal	<u>(39,230)</u>	<u>(114,187)</u>	<u>-</u>	<u>(153,417)</u>
At 30th September 2018	<u>186,705</u>	<u>749,920</u>	<u>47,241</u>	<u>983,866</u>
NET BOOK VALUE				
At 30th September 2018	<u>75,319</u>	<u>457,620</u>	<u>23,278</u>	<u>556,217</u>
At 30th September 2017	<u>28,753</u>	<u>351,958</u>	<u>23,845</u>	<u>404,556</u>

As noted below, the hire purchase liabilities are secured against the assets so financed. Therefore £459,053 (2017 - £316,245) of the fixed assets are secured in such manner.

In addition, as the bank hold a floating charge over the whole assets of the company, effectively all £556,217 (2017 - £404,556) of fixed assets are pledged as security for liabilities.

Notes to the Financial Statements - continued
for the Year Ended 30th September 2018

10. TANGIBLE FIXED ASSETS - continued

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

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1st October 2017	-	508,343	508,343
Additions	43,350	287,013	330,363
Transfer to ownership	-	(194,267)	(194,267)
At 30th September 2018	<u>43,350</u>	<u>601,089</u>	<u>644,439</u>
DEPRECIATION			
At 1st October 2017	-	192,098	192,098
Charge for year	723	124,891	125,614
Transfer to ownership	-	(132,826)	(132,826)
At 30th September 2018	<u>723</u>	<u>184,163</u>	<u>184,886</u>
NET BOOK VALUE			
At 30th September 2018	<u>42,627</u>	<u>416,926</u>	<u>459,553</u>
At 30th September 2017	<u>-</u>	<u>316,245</u>	<u>316,245</u>

11. STOCKS

	2018 £	2017 £
Spares & accessories	939,157	742,538
Filling station stock	51,214	70,473
Work-in-progress	17,544	12,055
Agricultural machinery	<u>6,520,756</u>	<u>3,585,727</u>
	<u>7,528,671</u>	<u>4,410,793</u>

At the year end the company also held £3,350 of Consignment Stock of agricultural machinery (2017 - £171,998). The value of this stock is not included within either the assets or liabilities of the company as it remains an asset of the manufacturer rather than the company. Such stocks may eventually be purchased by the company but they are not committed to doing so and do not bear the risk of obsolescence on the items.

Stock recognised in cost of sales for the year as an expense was £33,434,180 (2017 - £25,843,503).

At 30 September 2018 the total value of stock pledged as security for liabilities as part of the floating charge over all the assets of the company was £7,511,127 (2017 - £4,398,739).

At the year end the directors have recognised £255,006 of impairment losses against stock (2017 - £186,279) in line with their policy for stock valuation which includes providing in full for all parts stock over 18 months old and writing back machinery stocks to their net realisable value where cost is deemed to be higher than that.

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	4,292,896	3,618,553
Amounts owed by group undertakings	378,633	152,064
Other debtors	-	27,895
Prepayments	<u>50,786</u>	<u>55,856</u>
	<u>4,722,315</u>	<u>3,854,368</u>

Notes to the Financial Statements - continued
for the Year Ended 30th September 2018

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Bank loans and overdrafts (see note 15)	241,584	-
Other loans (see note 15)	243,678	230,520
Hire purchase contracts (see note 16)	169,840	128,667
Trade creditors	5,967,458	3,509,217
Tax	191,511	133,108
Social security and other taxes	68,091	66,099
VAT	680,743	464,725
Other creditors	13,007	19,041
Accrued expenses	438,575	369,592
	<u>8,014,487</u>	<u>4,920,969</u>

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

	2018	2017
	£	£
Hire purchase contracts (see note 16)	<u>195,376</u>	<u>102,151</u>

15. LOANS

An analysis of the maturity of loans is given below:

	2018	2017
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	241,584	-
Stocking loans	243,678	230,520
	<u>485,262</u>	<u>230,520</u>

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2018	2017
	£	£
Net obligations repayable:		
Within one year	169,840	128,667
Between one and five years	195,376	102,151
	<u>365,216</u>	<u>230,818</u>
	Non-cancellable operating leases	
	2018	2017
	£	£
Within one year	188,600	188,600
Between one and five years	159,600	319,200
	<u>348,200</u>	<u>507,800</u>

Notes to the Financial Statements - continued
for the Year Ended 30th September 2018

16. LEASING AGREEMENTS - continued

The original lease the company signed with respect to property expired on 30 September 2011, after which time it is renewed annually by 'tacit relocation' for a period of three years at a time until such time as a notice of termination is given. Rent reviews take place every three years from September 2011.

17. SECURED DEBTS

The following secured debts are included within creditors:

	2018	2017
	£	£
Bank overdraft	241,584	-
Stocking loans	243,678	230,520
Hire purchase contracts	<u>365,216</u>	<u>230,818</u>
	<u>850,478</u>	<u>461,338</u>

The bank overdraft is secured by means of a Bond and Floating Charge over the whole assets of the company.

The bank overdraft is also secured by means of a guarantee given by the holding company, Montgomerie Holdings Limited, and on property owned by that company.

The stocking loans are secured upon the specific assets included in the stocking plans.

The hire purchase creditors are secured on the assets on which the finance is actually outstanding.

18. FINANCIAL INSTRUMENTS

The carrying amounts of the company's financial instruments are as follows:

	2018	2017
Financial assets		
Debt instruments measured at amortised cost:		
Trade debtors	4,292,896	3,618,553
Other debtors	-	27,895
Group loans	378,633	152,064
Bank & Cash	2,576	174,460
Total	<u>£4,674,105</u>	<u>£3,972,972</u>
Financial liabilities		
Measured at amortised cost:		
Bank overdrafts	241,584	-
Trade creditors	5,967,458	3,509,217
Other creditors	13,007	19,041
Accruals	438,575	369,592
Stocking loans	243,678	230,520
Hire purchase creditors	365,216	230,818
Total	<u>£7,269,518</u>	<u>£4,359,188</u>

Notes to the Financial Statements - continued
for the Year Ended 30th September 2018

19. PROVISIONS FOR LIABILITIES

	2018 £	2017 £
Deferred tax	<u>37,868</u>	<u>26,461</u>
		Deferred tax £
Balance at 1st October 2017		26,461
Provided during year		<u>11,407</u>
Balance at 30th September 2018		<u>37,868</u>

The provision for deferred taxation arises as a result of accelerated capital allowances.

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2018 £	2017 £
390,000	Ordinary	£1	<u>390,000</u>	<u>390,000</u>

21. RESERVES

	Retained earnings £	Capital redemption reserve £	Totals £
At 1st October 2017	3,394,596	10,000	3,404,596
Profit for the year	864,952		864,952
Dividends	<u>(97,500)</u>		<u>(97,500)</u>
At 30th September 2018	<u>4,162,048</u>	<u>10,000</u>	<u>4,172,048</u>

Called up share capital represents the nominal value of shares that have been issued.

Capital redemption reserve represent the value of capital redeemed out of distributable profits.

Retained earnings includes all current and prior period retained profits and losses.

22. ULTIMATE PARENT COMPANY

The company is a subsidiary of Montgomerie Holdings Limited which has its Registered Office at the same address as James Gordon Limited.

Copies of the consolidated group financial statements can be obtained from Companies House.

23. CAPITAL COMMITMENTS

	2018 £	2017 £
Contracted but not provided for in the financial statements	<u>-</u>	<u>18,489</u>

Notes to the Financial Statements - continued
for the Year Ended 30th September 2018

24. **RELATED PARTY DISCLOSURES**

Entities with control, joint control or significant influence over the entity

	2018	2017
	£	£
Interest payments	-	15,000
Rent payable	159,600	159,600
Amount due from related party	<u>378,633</u>	<u>152,065</u>

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.