

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 30th September 2023
for
James Gordon Limited

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for the Year Ended 30th September 2023

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James Gordon Limited
Company Information
for the Year Ended 30th September 2023

DIRECTORS:	W F Montgomerie N B Montgomerie K Fraser J Moss
SECRETARY:	W F Montgomerie
REGISTERED OFFICE:	Dalbeattie 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 2023

The directors present their strategic report for the year ended 30th September 2023.

James Gordon Limited is an agricultural engineering company. It sells and repairs agricultural machinery and associated parts. 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 pleased with the results. The company has had another successful year of trade. Turnover has increased from £54.0m to £55.2m and gross profits have increased from £7.4m to £7.8m. Gross profit percentage has risen again from 13.6% to 14.1%. The bottom line profits before tax have reduced from £893k to £834k. The directors are working to maintain profit levels next year and intend to maintain their close working relationship with Claas UK and Develon.

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.

Strategic Report
for the Year Ended 30th September 2023

SECTION 172(1) STATEMENT

The directors must act in accordance with a set of general duties detailed in section 172 of the UK Companies Act 2006. The Board of Directors, both individually and together, consider that they have acted in good faith, promoted the success of the company for the benefit of its shareholder as a whole and in doing so have regard, amongst other matters, to:

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct
- The need to act fairly between members of the company

The Company has a rigorous process to ensure stakeholders are included in the decision-making process, so all relevant persons are aware of the consequences of any long term decision made by the Company. The Board of Directors and employees throughout the year have regular communications and interactions. This ensures that the interests of the company's employees are taken into account at all times. The Board is now regularly reminded about the s172(1) matters. All environmental and health and safety matters are also presented to the Board on a regular basis, whereby any items that have a direct impact on the local community are discussed and actioned as appropriate. The company also takes on board feedback by end customers regarding their products and services/ performance compared to competitors. This fosters key customer business relationships, and areas of action are derived to improve stakeholder satisfaction, maintain high standards of business conduct and increase competitiveness. James Gordon Limited is a family company, so the directors promote a family work ethic across all areas of the business. This encourages supporting and collaborative business relationships and the need to treat peers, customers, suppliers and other key stakeholders fairly at all times.

ON BEHALF OF THE BOARD:

W F Montgomerie - Director

7th March 2024

Report of the Directors
for the Year Ended 30th September 2023

The directors present their report with the financial statements of the company for the year ended 30th September 2023.

DIVIDENDS

An interim dividend of 45p per share was paid on 14th July 2023. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 30th September 2023 will be £ 175,500 .

DIRECTORS

The directors shown below have held office during the whole of the period from 1st October 2022 to the date of this report.

W F Montgomerie
N B Montgomerie
K Fraser
J Moss

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

The company maintains an excellent relationship with customers and suppliers respectively.

The vast majority of customers are in the agricultural and construction trades within the South and West of Scotland. Many have been customers across multiple generations of both their families and ours. James Gordon is a trusted name in the industry and we work hard to maintain that reputation. Salesmen maintain regular after sales contact with customers and the company maintains its profile in the sector, promoting its activities with attendance at trade shows and community events.

The main suppliers to the company are clearly Claas for agricultural equipment and Develon for construction equipment. Gordons is a key dealer for both franchises and regular dialogue takes place between the companies at all levels to ensure a 'joined up' synergy of approach. In addition, Gordons have trade relationships with a great many suppliers of equipment and parts and endeavour to deal with them all in fair and equitable terms. The long history of the company in this sector means there is an established trading pattern over a great many years with most of these suppliers and great deal of goodwill has built up.

STREAMLINED ENERGY AND CARBON REPORTING

During the year under review the company consumed 2.257m kWh via 105 employees which is 21,498 per employee. 568,886 tonnes of CO₂e was consumed by 105 employees which is 5,418 per employee.

The below numbers were derived using invoice data. We have used carbon conversion factors published by the UK's Department for Business, Energy and Industrial Strategy ("BEIS") published in June 2022. The majority of the emissions are Scope 1 (Energy Direct). The electricity usage is considered to be Scope 2 (Energy Indirect) emissions.

Intensity Metrics

Company Consumption	2023 kWh	2023 t CO ₂ e
Electricity	227,079	57,229
Heating oil	0	0
Diesel - transportation	1,771,704	446,509
Diesel - other purposes	258,501	65,148
Total	2,257,284	568,886

In order to improve energy efficiency, the company has invested in a biomass boiler to supply heating at the Castle Douglas Head Office. Solar panels and LED lighting have been installed there and at other depots and a number of electric vehicles have replaced diesel equivalents in recent years. .

**Report of the Directors
for the Year Ended 30th September 2023**

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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

7th March 2024

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 2023 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, 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 2023 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

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 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 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.

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 five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- we have assessed the susceptibility of the company's financial statements to material misstatement as being low risk. The directors are very involved in the day to day management of the business and have a focus on controls to address potential fraud and error.
- the nature of the company's activities are not significantly regulated. We have discussed applicable laws and regulations with the directors. This has enabled us to gain an understanding of those laws and regulations that are applicable to the company and the procedures they operate to ensure compliance.
- we have obtained an understanding of the company's policies and procedures on fraud risk through two way communication with the management and have no knowledge of any actual, suspected or alleged fraud.
- the Senior Statutory Auditor is satisfied that the engagement audit staff were competent to and capable of recognising non-compliance with laws and regulation. No details of any non-compliance were communicated to us and no such potential instances were noted during the audit process.

We have reached these conclusions following enquiries made of those charged with governance and senior staff and following audit testing procedures and review of financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Craig Paterson, BCom 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

7th March 2024

Income Statement
for the Year Ended 30th September 2023

	Notes	2023 £	2022 £
TURNOVER	3	55,207,778	54,011,983
Cost of sales		<u>(47,433,083)</u>	<u>(46,651,454)</u>
GROSS PROFIT		7,774,695	7,360,529
Administrative expenses		<u>(6,479,981)</u>	<u>(6,294,705)</u>
		1,294,714	1,065,824
Other operating income		<u>-</u>	<u>7,639</u>
OPERATING PROFIT	6	1,294,714	1,073,463
Interest payable and similar expenses	7	<u>(460,464)</u>	<u>(180,950)</u>
PROFIT BEFORE TAXATION		834,250	892,513
Tax on profit	8	<u>(176,728)</u>	<u>(189,735)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>657,522</u>	<u>702,778</u>

James Gordon Limited (Registered number: SC293893)

Other Comprehensive Income
for the Year Ended 30th September 2023

	Notes	2023 £	2022 £
PROFIT FOR THE YEAR		657,522	702,778
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>657,522</u>	<u>702,778</u>

The notes form part of these financial statements

James Gordon Limited (Registered number: SC293893)

Balance Sheet
30th September 2023

	Notes	2023 £	2022 £
FIXED ASSETS			
Tangible assets	10	788,343	637,042
CURRENT ASSETS			
Stocks	11	12,902,009	10,928,447
Debtors	12	6,214,956	8,262,942
Cash at bank and in hand		<u>1,128,067</u>	<u>769,750</u>
		20,245,032	19,961,139
CREDITORS			
Amounts falling due within one year	13	<u>(13,423,782)</u>	<u>(13,501,948)</u>
NET CURRENT ASSETS		<u>6,821,250</u>	<u>6,459,191</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,609,593	7,096,233
CREDITORS			
Amounts falling due after more than one year	14	(299,031)	(300,496)
PROVISIONS FOR LIABILITIES	18	<u>(180,016)</u>	<u>(147,213)</u>
NET ASSETS		<u>7,130,546</u>	<u>6,648,524</u>
CAPITAL AND RESERVES			
Called up share capital	19	390,000	390,000
Capital redemption reserve	20	10,000	10,000
Retained earnings	20	<u>6,730,546</u>	<u>6,248,524</u>
SHAREHOLDERS' FUNDS		<u>7,130,546</u>	<u>6,648,524</u>

The financial statements were approved by the Board of Directors and authorised for issue on 7th March 2024 and were signed on its behalf by:

W F Montgomerie - Director

The notes form part of these financial statements

**Statement of Changes in Equity
for the Year Ended 30th September 2023**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1st October 2021	390,000	5,888,946	10,000	6,288,946
Changes in equity				
Dividends	-	(343,200)	-	(343,200)
Total comprehensive income	-	702,778	-	702,778
Balance at 30th September 2022	390,000	6,248,524	10,000	6,648,524
Changes in equity				
Dividends	-	(175,500)	-	(175,500)
Total comprehensive income	-	657,522	-	657,522
Balance at 30th September 2023	390,000	6,730,546	10,000	7,130,546

**Cash Flow Statement
for the Year Ended 30th September 2023**

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	(984,853)	(369,651)
Interest paid		(433,312)	(162,461)
Interest element of hire purchase payments paid		(27,152)	(18,489)
Tax paid		(178,013)	(173,428)
Net cash from operating activities		<u>(1,623,330)</u>	<u>(724,029)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(173,841)	52,714
Sale of tangible fixed assets		113,241	29,489
Net cash from investing activities		<u>(60,600)</u>	<u>82,203</u>
Cash flows from financing activities			
Inter-company loan		533,400	(38,599)
Stocking loan		2,012,989	2,004,976
Capital repayments in year		(328,642)	(260,203)
Equity dividends paid		(175,500)	(343,200)
Net cash from financing activities		<u>2,042,247</u>	<u>1,362,974</u>
Increase in cash and cash equivalents		<u>358,317</u>	<u>721,148</u>
Cash and cash equivalents at beginning of year	2	769,750	48,602
Cash and cash equivalents at end of year	2	<u><u>1,128,067</u></u>	<u><u>769,750</u></u>

**Notes to the Cash Flow Statement
for the Year Ended 30th September 2023**

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

	2023	2022
	£	£
Profit before taxation	834,250	892,513
Depreciation charges	366,020	349,707
Profit on disposal of fixed assets	(74,752)	(20,532)
Finance costs	460,464	180,950
	<u>1,585,982</u>	<u>1,402,638</u>
Increase in stocks	(1,973,562)	(1,527,304)
Decrease/(increase) in trade and other debtors	1,514,585	(885,406)
(Decrease)/increase in trade and other creditors	(2,111,858)	640,421
Cash generated from operations	<u>(984,853)</u>	<u>(369,651)</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 2023

	30.9.23	1.10.22
	£	£
Cash and cash equivalents	<u>1,128,067</u>	<u>769,750</u>

Year ended 30th September 2022

	30.9.22	1.10.21
	£	£
Cash and cash equivalents	<u>769,750</u>	<u>48,602</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.10.22	Cash flow	Other non-cash changes	At 30.9.23
	£	£	£	£
Net cash				
Cash at bank and in hand	<u>769,750</u>	<u>358,317</u>		<u>1,128,067</u>
	<u>769,750</u>	<u>358,317</u>		<u>1,128,067</u>
Debt				
Finance leases	(522,881)	328,642	-	(576,208)
Debts falling due within 1 year	<u>(3,020,661)</u>	<u>(2,012,989)</u>	-	<u>(5,033,650)</u>
	<u>(3,543,542)</u>	<u>(1,684,347)</u>	-	<u>(5,609,858)</u>
Total	<u>(2,773,792)</u>	<u>(1,326,030)</u>	-	<u>(4,481,791)</u>

Notes to the Financial Statements
for the Year Ended 30th September 2023

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

In the opinion of the directors, the only significant judgement and estimate in the financial statements is:

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.

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. 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.

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.

Notes to the Financial Statements - continued
for the Year Ended 30th September 2023

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 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.

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:

	2023	2022
	£	£
Sale of goods	52,319,007	51,216,366
Rendering of services	2,888,771	2,795,617
	<u>55,207,778</u>	<u>54,011,983</u>

**Notes to the Financial Statements - continued
for the Year Ended 30th September 2023**

4. EMPLOYEES AND DIRECTORS

	2023	2022
	£	£
Wages and salaries	3,518,400	3,330,329
Social security costs	375,672	373,881
Other pension costs	268,042	255,421
	<u>4,162,114</u>	<u>3,959,631</u>

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

	2023	2022
Directors	4	4
Office and management	11	11
Direct employees	90	88
	<u>105</u>	<u>103</u>

5. DIRECTORS' EMOLUMENTS

	2023	2022
	£	£
Directors' remuneration	266,876	246,833
Directors' pension contributions to money purchase schemes	<u>18,236</u>	<u>17,706</u>

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

Money purchase schemes	<u>4</u>	<u>4</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2023	2022
	£	£
Emoluments etc	82,282	81,106
Pension contributions to money purchase schemes	<u>2,370</u>	<u>2,430</u>

6. OPERATING PROFIT

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

	2023	2022
	£	£
Other operating leases	4,834	5,632
Depreciation - owned assets	161,384	166,724
Depreciation - assets on hire purchase contracts	204,636	182,982
Profit on disposal of fixed assets	(74,752)	(20,532)
Auditors' remuneration	12,000	12,000
Taxation compliance services	1,000	1,000
Other non- audit services	<u>13,400</u>	<u>13,400</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023	2022
	£	£
Stocking loan interest	433,312	162,461
Hire purchase	<u>27,152</u>	<u>18,489</u>
	<u>460,464</u>	<u>180,950</u>

Notes to the Financial Statements - continued
for the Year Ended 30th September 2023

8. TAXATION

Analysis of the tax charge

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

	2023	2022
	£	£
Current tax:		
UK corporation tax	143,632	177,721
Corporation tax interest	292	-
Total current tax	<u>143,924</u>	<u>177,721</u>
Deferred tax	32,804	12,014
Tax on profit	<u>176,728</u>	<u>189,735</u>

UK corporation tax has been charged at 22.01% (2022 - 19%).

Reconciliation of total tax charge included in profit and loss

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

	2023	2022
	£	£
Profit before tax	<u>834,250</u>	<u>892,513</u>
Profit multiplied by the standard rate of corporation tax in the UK of 22.008% (2022 - 19%)	183,602	169,577
Effects of:		
Expenses not deductible for tax purposes	-	(1,899)
Capital allowances in excess of depreciation	(39,970)	-
Depreciation in excess of capital allowances	-	10,044
Corporation tax interest	292	-
Deferred taxation	32,804	12,013
Total tax charge	<u>176,728</u>	<u>189,735</u>

9. DIVIDENDS

	2023	2022
	£	£
Ordinary shares of £1 each		
Interim	<u>175,500</u>	<u>343,200</u>

Notes to the Financial Statements - continued
for the Year Ended 30th September 2023

10. TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1st October 2022	310,867	1,579,520	200,793	2,091,180
Additions	96,972	434,033	24,805	555,810
Disposals	(1,922)	(313,482)	-	(315,404)
At 30th September 2023	<u>405,917</u>	<u>1,700,071</u>	<u>225,598</u>	<u>2,331,586</u>
DEPRECIATION				
At 1st October 2022	273,604	1,046,506	134,028	1,454,138
Charge for year	40,833	273,167	52,020	366,020
Eliminated on disposal	(1,922)	(274,993)	-	(276,915)
At 30th September 2023	<u>312,515</u>	<u>1,044,680</u>	<u>186,048</u>	<u>1,543,243</u>
NET BOOK VALUE				
At 30th September 2023	<u>93,402</u>	<u>655,391</u>	<u>39,550</u>	<u>788,343</u>
At 30th September 2022	<u>37,263</u>	<u>533,014</u>	<u>66,765</u>	<u>637,042</u>

As noted below, the hire purchase liabilities are secured against the assets so financed. Therefore £590,576 (2022 - £508,520) 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 £788,343 (2022 - £637,042) of fixed assets are pledged as security for liabilities.

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

	Motor vehicles £
COST	
At 1st October 2022	855,186
Additions	386,948
Disposals	(53,795)
Transfer to ownership	(260,630)
At 30th September 2023	<u>927,709</u>
DEPRECIATION	
At 1st October 2022	346,666
Charge for year	204,636
Eliminated on disposal	(30,273)
Transfer to ownership	(183,896)
At 30th September 2023	<u>337,133</u>
NET BOOK VALUE	
At 30th September 2023	<u>590,576</u>
At 30th September 2022	<u>508,520</u>

Notes to the Financial Statements - continued
for the Year Ended 30th September 2023

11. STOCKS

	2023	2022
	£	£
Spares & accessories	1,702,563	1,577,318
Work-in-progress	46,410	44,752
Machinery wholegoods	11,153,036	9,306,377
	<u>12,902,009</u>	<u>10,928,447</u>

At the year end the directors have recognised £292,513 of impairment losses against stock (2022 - £771,533) 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.

At the year end the company held £313,968 of Consignment Stock of agricultural and construction machinery (2022 - £537,239). 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.

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade debtors	4,975,863	6,170,274
Amounts owed by group undertakings	932,089	1,465,490
Other debtors	4,250	-
Prepayments	302,754	627,178
	<u>6,214,956</u>	<u>8,262,942</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Other loans (see note 15)	5,033,650	3,020,661
Hire purchase contracts (see note 16)	277,177	222,385
Trade creditors	6,664,581	8,871,394
Tax	143,632	177,721
Social security and other taxes	100,108	105,811
VAT	913,411	891,947
Other creditors	15,665	23,755
Accrued expenses	275,558	188,274
	<u>13,423,782</u>	<u>13,501,948</u>

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

	2023	2022
	£	£
Hire purchase contracts (see note 16)	<u>299,031</u>	<u>300,496</u>

15. LOANS

An analysis of the maturity of loans is given below:

	2023	2022
	£	£
Amounts falling due within one year or on demand:		
Stocking loans	<u>5,033,650</u>	<u>3,020,661</u>

Notes to the Financial Statements - continued
for the Year Ended 30th September 2023

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2023	2022
	£	£
Net obligations repayable:		
Within one year	277,177	222,385
Between one and five years	<u>299,031</u>	<u>300,496</u>
	<u>576,208</u>	<u>522,881</u>
	Non-cancellable operating leases	
	2023	2022
	£	£
Within one year	193,200	159,600
Between one and five years	<u>386,400</u>	<u>-</u>
	<u>579,600</u>	<u>159,600</u>

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:

	2023	2022
	£	£
Stocking loans	5,033,650	3,020,661
Hire purchase contracts	<u>576,208</u>	<u>522,881</u>
	<u>5,609,858</u>	<u>3,543,542</u>

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

A bank overdraft where required 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. PROVISIONS FOR LIABILITIES

	2023	2022
	£	£
Deferred tax	<u>180,016</u>	<u>147,213</u>
		Deferred tax
		£
Balance at 1st October 2022		147,213
Charge to Income Statement during year		<u>32,803</u>
Balance at 30th September 2023		<u>180,016</u>

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

Notes to the Financial Statements - continued
for the Year Ended 30th September 2023

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value: £1	2023 £	2022 £
Number:	Class:			
390,000	Ordinary		<u>390,000</u>	<u>390,000</u>

20. RESERVES

	Retained earnings £	Capital redemption reserve £	Totals £
At 1st October 2022	6,248,524	10,000	6,258,524
Profit for the year	657,522		657,522
Dividends	(175,500)		(175,500)
At 30th September 2023	<u>6,730,546</u>	<u>10,000</u>	<u>6,740,546</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.

21. 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.

22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 30th September 2023 and 30th September 2022:

	2023 £	2022 £
W F Montgomerie		
Balance outstanding at start of year	246	246
Amounts repaid	(246)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>246</u>
K Fraser		
Balance outstanding at start of year	1,439	1,484
Amounts advanced	40	-
Amounts repaid	-	(45)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>1,479</u>	<u>1,439</u>

Notes to the Financial Statements - continued
for the Year Ended 30th September 2023

22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES - continued

J Moss

Balance outstanding at start of year	288	-
Amounts advanced	17	288
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>305</u>	<u>288</u>

23. RELATED PARTY DISCLOSURES

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

	2023	2022
	£	£
Rent payable	193,200	159,600
Amount due from related party	<u>932,089</u>	<u>1,465,490</u>

Key management personnel of the entity or its parent (in the aggregate)

	2023	2022
	£	£
Sales	1,289	2,643
Amount due from related party	<u>1,618</u>	<u>1,973</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.