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SELLARS AGRICULTURE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

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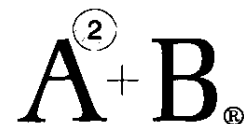


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SELLARS AGRICULTURE LIMITED



COMPANY INFORMATION

DIRECTORS

N A Wattie
C E Last
L Laird (resigned 13 November 2012)

COMPANY NUMBER

SC266513

REGISTERED OFFICE

The Meadows Industrial Estate
Station Road Oldmeldrum
Inverurie
Aberdeenshire
AB51 0EZ

AUDITORS

Anderson Anderson & Brown LLP
9 Queens Road
Aberdeen
AB15 4YL



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**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2012**

The directors present their report and the financial statements for the year ended 30 September 2012.

PRINCIPAL ACTIVITIES

The principal activity of the company is the sale of agricultural harvesting machines, tractors, parts and service.

BUSINESS REVIEW

The directors are happy with the result for the year having achieved higher turnover with reduced margins. The retained profit continues to build and strengthen the balance sheet.

Directors are optimistic for the year ahead but it is unlikely that the company will reach the same level of turnover. However, it is expected that margins will improve and they are confident of continued profitability.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £518,992 (2011 - £520,492).

During the year dividends of £145,150 (2011 - £125,600) were paid to shareholders

DIRECTORS

The directors who served during the year were:

N A Wattie
C E Last
L Laird (resigned 13 November 2012)

PRINCIPAL RISKS AND UNCERTAINTIES

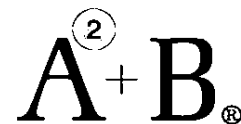
The key business risks and uncertainties affecting the company are considered to relate to competition from both national and independent retailers, employee retention, and product availability.

PROVISION 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 that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

SELLARS AGRICULTURE LIMITED



**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2012**

AUDITORS

The auditors, Anderson Anderson & Brown LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

A handwritten signature in black ink, appearing to read 'N A Wattie', is written over a horizontal dotted line.

N A Wattie
Director

Date: 12 - 3 - 13

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2012**

The directors are responsible for preparing 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 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
SELLARS AGRICULTURE LIMITED**

We have audited the financial statements of Sellars Agriculture Limited for the year ended 30 September 2012, set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, 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 Auditing Practices Board'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 Directors' report to identify material inconsistencies with the audited financial statements. 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 30 September 2012 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
SELLARS AGRICULTURE LIMITED**

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.

Anderson Anderson & Brown LLP

James Pirrie (Senior statutory auditor)

for and on behalf of

Anderson Anderson & Brown LLP

Statutory Auditor

9 Queens Road

Aberdeen

AB15 4YL

Date:

12th March 2013

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2012**

	Note	2012 £	2011 £
TURNOVER	1,2	36,235,969	29,322,253
Cost of sales		(32,289,060)	(25,590,944)
GROSS PROFIT	3	3,946,909	3,731,309
Administrative expenses		(3,211,065)	(2,970,984)
OPERATING PROFIT	3	735,844	760,325
Interest payable and similar charges	6	(72,888)	(67,456)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		662,956	692,869
Tax on profit on ordinary activities	7	(143,964)	(172,377)
PROFIT FOR THE FINANCIAL YEAR		518,992	520,492

All amounts relate to continuing operations.

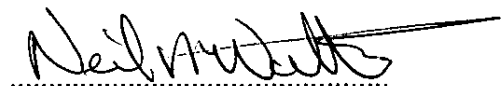
There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account.

The notes on pages 9 to 18 form part of these financial statements.

BALANCE SHEET
AS AT 30 SEPTEMBER 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	8		282,253		211,851
CURRENT ASSETS					
Stocks	9	6,060,896		6,666,401	
Debtors	10	3,729,684		4,049,477	
Cash in hand		452		1,438	
			<u>9,791,032</u>	<u>10,717,316</u>	
CREDITORS: amounts falling due within one year	11	(6,656,612)		(7,920,077)	
NET CURRENT ASSETS			<u>3,134,420</u>	<u>2,797,239</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,416,673</u>	<u>3,009,090</u>	
CREDITORS: amounts falling due after more than one year	12		(103,095)	(74,185)	
PROVISIONS FOR LIABILITIES					
Deferred tax	13		(4,831)	-	
NET ASSETS			<u><u>3,308,747</u></u>	<u><u>2,934,905</u></u>	
CAPITAL AND RESERVES					
Called up share capital	14		237,500	237,500	
Share premium account	15		162,500	162,500	
Profit and loss account	15		2,908,747	2,534,905	
SHAREHOLDERS' FUNDS	16		<u><u>3,308,747</u></u>	<u><u>2,934,905</u></u>	

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



N A Wattie
Director

Date: 12.3.13

The notes on pages 9 to 18 form part of these financial statements.

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2012**

	Note	2012 £	2011 £
Net cash flow from operating activities	18	683,987	842,909
Returns on investments and servicing of finance	19	(72,888)	(67,456)
Taxation		(174,392)	(149,617)
Capital expenditure and financial investment	19	(172,510)	(23,883)
Equity dividends paid		(145,150)	(125,600)
CASH INFLOW BEFORE FINANCING		119,047	476,353
Financing	19	40,091	(71,493)
INCREASE IN CASH IN THE YEAR		159,138	404,860

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 30 SEPTEMBER 2012**

	2012 £	2011 £
Increase in cash in the year	159,138	404,860
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(40,091)	71,493
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	119,047	476,353
Other non-cash changes	-	(87,685)
MOVEMENT IN NET DEBT IN THE YEAR	119,047	388,668
Net debt at 1 October 2011	(955,564)	(1,344,232)
NET DEBT AT 30 SEPTEMBER 2012	(836,517)	(955,564)

The notes on pages 9 to 18 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012****1. ACCOUNTING POLICIES****1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Going concern

The directors, having made due and careful enquiry, are of the opinion that the company has adequate working capital to execute its operations over the next 12 months. The directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	4-5 years straight line
Motor vehicles	-	3-4 years straight line
Fixtures & fittings	-	4-5 years straight line
Computer equipment	-	2-3 years straight line

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.7 Pensions

The company contributes to a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012**

1. ACCOUNTING POLICIES (continued)

1.8 Taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Current tax, including UK corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. TURNOVER

The principal activity of the company is the sale of agricultural harvesting machines, tractors, parts and service.

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

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

	2012 £	2011 £
Depreciation of tangible fixed assets:		
- owned by the company	35,071	67,535
- held under finance leases	73,560	43,415
Auditors' remuneration	15,000	14,700
Operating lease rentals:		
- motor vehicles	22,705	22,635
- land and buildings	217,000	197,000
Gain on sale of fixed assets	(6,523)	(3,400)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012**
4. STAFF COSTS

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

	2012 £	2011 £
Wages and salaries	2,405,365	2,277,147
Social security costs	240,987	230,083
Other pension costs	58,864	57,498
	<u>2,705,216</u>	<u>2,564,728</u>

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

	2012 No.	2011 No.
Sales and service staff	72	73
Management and administration staff	9	8
	<u>81</u>	<u>81</u>

5. DIRECTORS' REMUNERATION

	2012 £	2011 £
Emoluments	<u>148,116</u>	<u>137,786</u>
Company pension contributions to defined contribution pension schemes	<u>6,402</u>	<u>3,403</u>

During the year retirement benefits were accruing to 2 directors (2011 - 2) in respect of defined contribution pension schemes.

6. INTEREST PAYABLE

	2012 £	2011 £
On bank loans and overdrafts	14,754	17,956
On finance leases and hire purchase contracts	9,060	8,809
Other interest payable	49,074	40,691
	<u>72,888</u>	<u>67,456</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012**
7. TAXATION

	2012 £	2011 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	145,672	177,182
Adjustments in respect of prior periods	(6,539)	(4,805)
Total current tax	<u>139,133</u>	<u>172,377</u>
Deferred tax (see note 13)		
Origination and reversal of timing differences	4,831	-
Tax on profit on ordinary activities	<u>143,964</u>	<u>172,377</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 25% (2011 - 27%). The differences are explained below:

	2012 £	2011 £
Profit on ordinary activities before tax	<u>662,956</u>	<u>692,869</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2011 - 27%)	165,739	187,075
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(4,325)	9,227
Capital allowances for year in excess of depreciation	(4,256)	(7,945)
Marginal relief	(10,920)	(12,929)
Adjustments to tax charge in respect of prior periods	(6,539)	(4,805)
Short term timing difference leading to an increase (decrease) in taxation	(566)	1,754
Current tax charge for the year (see note above)	<u>139,133</u>	<u>172,377</u>

There were no factors that may affect future tax charges.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012**
8. TANGIBLE FIXED ASSETS

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost					
At 1 October 2011	176,265	559,917	29,173	23,874	789,229
Additions	15,570	167,767	-	-	183,337
Disposals	(24,765)	(64,427)	(6,079)	-	(95,271)
At 30 September 2012	167,070	663,257	23,094	23,874	877,295
Depreciation					
At 1 October 2011	135,538	392,725	25,241	23,874	577,378
Charge for the year	12,173	95,409	1,049	-	108,631
On disposals	(24,765)	(60,123)	(6,079)	-	(90,967)
At 30 September 2012	122,946	428,011	20,211	23,874	595,042
Net book value					
At 30 September 2012	44,124	235,246	2,883	-	282,253
At 30 September 2011	40,727	167,192	3,932	-	211,851

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

	2012 £	2011 £
Motor vehicles	198,295	148,047

9. STOCKS

	2012 £	2011 £
Interest bearing consignment vehicles	1,345,983	2,313,223
Work in progress	226,108	207,277
Finished goods and goods for resale	4,488,805	4,145,901
	6,060,896	6,666,401

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012**
10. DEBTORS

	2012 £	2011 £
Trade debtors	3,297,685	3,528,695
Other debtors	150,606	114,784
Prepayments and accrued income	281,393	405,998
	<u>3,729,684</u>	<u>4,049,477</u>

**11. CREDITORS:
Amounts falling due within one year**

	2012 £	2011 £
Bank loans and overdrafts	663,861	823,985
Net obligations under finance leases and hire purchase contracts	70,013	58,832
Trade creditors	2,540,535	3,214,100
Corporation tax	141,923	177,182
Social security and other taxes	681,685	378,713
Other creditors	2,121,043	2,849,102
Accruals and deferred income	437,552	418,163
	<u>6,656,612</u>	<u>7,920,077</u>

The bank borrowings are secured by a bond and floating charge over all the assets of the company.

The net obligations under finance leases and hire purchase contracts are secured over the assets in which they relate to.

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

	2012 £	2011 £
Net obligations under finance leases and hire purchase contracts	<u>103,095</u>	<u>74,185</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2012 £	2011 £
Between one and five years	<u>103,095</u>	<u>74,185</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012**
13. DEFERRED TAXATION

	2012 £	2011 £
At beginning of year	-	-
Charge for year	4,831	-
	<u>4,831</u>	<u>-</u>
At end of year	<u>4,831</u>	<u>-</u>

The provision for deferred taxation is made up as follows:

	2012 £	2011 £
Accelerated capital allowances	5,753	-
Short term timing differences	(922)	-
	<u>4,831</u>	<u>-</u>

14. SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid		
237,500 Ordinary shares of £1 each	<u>237,500</u>	<u>237,500</u>

15. RESERVES

	Share premium account £	Profit and loss account £
At 1 October 2011	162,500	2,534,905
Profit for the year		518,992
Dividends: Equity capital		(145,150)
	<u>162,500</u>	<u>2,908,747</u>
At 30 September 2012	<u>162,500</u>	<u>2,908,747</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012**
16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening shareholders' funds	2,934,905	2,540,013
Profit for the year	518,992	520,492
Dividends (Note 17)	(145,150)	(125,600)
Closing shareholders' funds	<u>3,308,747</u>	<u>2,934,905</u>

17. DIVIDENDS

	2012 £	2011 £
Dividends paid on equity capital	<u>145,150</u>	<u>125,600</u>

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating profit	735,844	760,325
Depreciation of tangible fixed assets	108,631	110,950
Profit on disposal of tangible fixed assets	(6,523)	(3,400)
Decrease/(increase) in stocks	605,505	(1,722,543)
Decrease/(increase) in debtors	90,793	(718,470)
(Decrease)/increase in creditors	(850,263)	2,416,047
Net cash inflow from operating activities	<u>683,987</u>	<u>842,909</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012**
19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest paid	(63,828)	(58,647)
Hire purchase interest	(9,060)	(8,809)
Net cash outflow from returns on investments and servicing of finance	(72,888)	(67,456)
	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(183,337)	(27,283)
Sale of tangible fixed assets	10,827	3,400
Net cash outflow from capital expenditure	(172,510)	(23,883)
	2012 £	2011 £
Financing		
New/(repayment of) finance leases	40,091	(71,493)

20. ANALYSIS OF CHANGES IN NET DEBT

	1 October 2011 £	Cash flow £	Other non-cash changes £	30 September 2012 £
Cash at bank and in hand	1,438	(986)	-	452
Bank overdraft	(823,985)	160,124	-	(663,861)
	(822,547)	159,138	-	(663,409)
Debt:				
Finance leases	(133,017)	(40,091)	-	(173,108)
Net debt	(955,564)	119,047	-	(836,517)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012**
21. OPERATING LEASE COMMITMENTS

At 30 September 2012 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2012	2011	2012	2011
	£	£	£	£
Expiry date:				
Within 1 year	-	30,000	378	18,166
Between 2 and 5 years	217,000	187,000	-	4,539

22. RELATED PARTY TRANSACTIONS
Control

Throughout the year the company was controlled by the directors.

Transactions

During the year the company had the following transactions with related parties.

Related party	Transaction	£	Balance at the year end £
N A Wattie, of which N Wattie is a partner	Sales	776	-
Lyle Laird & Sons, of which L Laird's brothers are partners	Sales	1,246	-
Claas UK Limited, shareholder	Sales	268,632	
	Purchases	5,592,455	(1,008,345)