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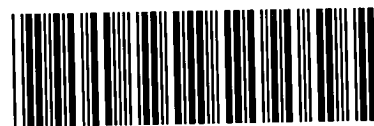
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SELLARS AGRICULTURE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

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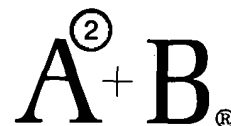
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COMPANIES HOUSE

SELLARS AGRICULTURE LIMITED

COMPANY INFORMATION



Directors

N A Wattie
T Tyrrell

Registered number

SC266513

Registered office

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

Independent auditors

Anderson Anderson & Brown LLP
Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU

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Introduction

The directors present the financial statements for the year ended 30 September 2016.

Business review

The directors are satisfied with the result for the year given the tough conditions in the market.

The directors anticipate tough market conditions to continue for the foreseeable future and are managing costs accordingly. The strength of the Balance sheet and prudent stock levels have ensured positive cashflows within the business.

The directors continue to adopt a going concern basis in preparing the financial statements as detailed in note 1.

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 principal risks and uncertainties of the Company are as follows:

Market risk

The Company operated in a market where they face competition from both national and independent retailers. To mitigate this risk the Company ensures that they continue to sell high quality products and services to their customers.

Economic factors affecting industry

The main economic factor affecting the Company is the price of grain. The price of grain has a significant affect on the spending ability of their customer base.

Financial risk

The principal financial assets are bank/cash balances and trade debtors. Trade debtors are monitored regularly by management and the Company does not foresee any failing occurrences in this regard. The accounts presented in the Balance sheet are net of allowances for doubtful receivables.

Foreign currency risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company manages its risk through the monitoring of net exposures.

Key performance indicators

Given the straight forward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance, or position of the business.

The directors monitor the performance and financial position of the business on a regular basis through the review of monthly management accounts.

SELLARS AGRICULTURE LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2016



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

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

N A Wattie
Director

Date: 21 March 2017

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2016**



The directors present their report and the financial statements for the year ended 30 September 2016.

Results and dividends

The profit for the year, after taxation, amounted to £97,150 (2015 - £5,128).

During the year dividends of £41,500 (2015 - £NIL) were paid to the shareholders.

Directors

The directors who served during the year were:

N A Wattie
T Tyrrell

Future outlook

The external commercial environment is expected to remain competitive in 2016/17 due to exchange rate volatility and the price of grain and livestock. However, the directors are taking appropriate steps to adapt to the market conditions. This has resulted in a slight improvement in trading post year end.

Disclosure of information to auditors

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

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

Post balance sheet events

There have been no significant events affecting the Company since the year end.

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.

N A Wattie
Director

Date: 21 March 2017

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements 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 2016, set out on pages 7 to 26. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2016 and of its profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

**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

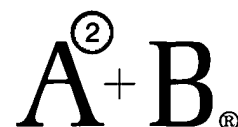
Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU

Date:

22nd March 2017

SELLARS AGRICULTURE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2016



	Note	2016 £	2015 £
Turnover	4	23,749,630	27,404,787
Cost of sales		(20,525,499)	(23,924,903)
Gross profit		<u>3,224,131</u>	<u>3,479,884</u>
Administrative expenses		(3,060,077)	(3,388,867)
Operating profit	5	<u>164,054</u>	<u>91,017</u>
Interest payable and expenses	9	(42,902)	(81,805)
Profit before tax		<u>121,152</u>	<u>9,212</u>
Tax on profit	10	(24,002)	(4,084)
Profit for the year		<u><u>97,150</u></u>	<u><u>5,128</u></u>

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

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

The notes on pages 11 to 26 form part of these financial statements.

BALANCE SHEET
AS AT 30 SEPTEMBER 2016

	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	12		215,360		261,377
			<u>215,360</u>		<u>261,377</u>
Current assets					
Stocks	13	3,729,652		4,302,186	
Debtors: amounts falling due within one year	14	3,355,631		3,568,741	
Cash at bank and in hand	15	73,362		100,595	
		<u>7,158,645</u>		<u>7,971,522</u>	
Creditors: amounts falling due within one year	16	(3,612,738)		(4,492,607)	
Net current assets			<u>3,545,907</u>		<u>3,478,915</u>
Total assets less current liabilities			<u>3,761,267</u>		<u>3,740,292</u>
Creditors: amounts falling due after more than one year	17		(37,395)		(68,715)
Provisions for liabilities					
Deferred tax	20	(9,809)		(13,164)	
			<u>(9,809)</u>		<u>(13,164)</u>
Net assets			<u><u>3,714,063</u></u>		<u><u>3,658,413</u></u>
Capital and reserves					
Called up share capital	21		207,500		207,500
Share premium account			162,500		162,500
Capital redemption reserve			30,000		30,000
Profit and loss account			<u>3,314,063</u>		<u>3,258,413</u>
Shareholders funds			<u><u>3,714,063</u></u>		<u><u>3,658,413</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: 21 March 2017

The notes on pages 11 to 26 form part of these financial statements.

SELLARS AGRICULTURE LIMITED



**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2015	207,500	162,500	30,000	3,258,413	3,658,413
Profit for the year	-	-	-	97,150	97,150
Dividends: Equity capital	-	-	-	(41,500)	(41,500)
At 30 September 2016	207,500	162,500	30,000	3,314,063	3,714,063

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2014	207,500	162,500	30,000	3,253,285	3,653,285
Profit for the year	-	-	-	5,128	5,128
At 30 September 2015	207,500	162,500	30,000	3,258,413	3,658,413

The notes on pages 11 to 26 form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	97,150	5,128
Adjustments for:		
Depreciation of tangible assets	123,155	151,138
Loss on disposal of tangible assets	(3,844)	(5,613)
Interest payable	42,902	81,805
Taxation charge	24,002	4,084
Decrease in stocks	572,534	1,741,184
Decrease in debtors	213,878	332,242
Decrease in amounts owed by participating interests	(768)	789
(Decrease) in creditors	(888,618)	(1,060,584)
Increase in amounts owed to participating interests	(20,519)	(349,482)
Corporation tax paid	(3,525)	(55,201)
Net cash generated from operating activities	156,347	845,490
Cash flows from investing activities		
Purchase of tangible fixed assets	(77,194)	(144,785)
Sale of tangible fixed assets	3,900	8,009
HP interest paid	(7,217)	(10,499)
Net cash from investing activities	(80,511)	(147,275)
Cash flows from financing activities		
Other new loans	-	70,671
Repayment of/new finance leases	(25,884)	(82,300)
Dividends paid	(41,500)	-
Interest paid	(35,685)	(71,306)
Net cash used in financing activities	(103,069)	(82,935)
Net (decrease)/increase in cash and cash equivalents	(27,233)	615,280
Cash and cash equivalents at beginning of year	100,595	(514,685)
Cash and cash equivalents at the end of year	73,362	100,595
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	73,362	100,595
	73,362	100,595

1. General information

Sellars Agriculture Limited (the Company) is a limited company incorporated in the United Kingdom. The address of its principal place of business is The Meadows Industrial Estate, Station Road Oldmeldrum, Inverurie, Aberdeenshire, AB51 0EZ.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

Information on the impact of first-time adoption of FRS 102 is given in note 25.

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

The following principal accounting policies have been applied:

2.2 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**
2. Accounting policies (continued)
2.3 Revenue

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

Sale of goods

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

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

Rendering of services

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

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

2.4 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

L/Term Leasehold Property	- In line with the relevant lease term
Plant & machinery	- 4-5 years straight line
Motor vehicles	- 3-4 years straight line
Office equipment	- 2-3 years straight line
Computer equipment	- 2-3 years straight line

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

2. Accounting policies (continued)

2.5 Stocks

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

At each Balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

2.6 Debtors

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

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

2. Accounting policies (continued)

2.8 Financial instruments

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

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

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

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

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

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

2.9 Creditors

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

2.10 Finance costs

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

2. Accounting policies (continued)

2.11 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

2.12 Leased assets: the Company as lessee

Assets obtained under hire purchase contract 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 Statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.13 Pensions

Defined contribution pension plan

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

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

2.14 Provisions for liabilities

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

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

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016****2. Accounting policies (continued)****2.15 Current and deferred taxation**

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

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

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

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

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

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements, requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance sheet date and the amounts reported during the year for revenue and costs. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following judgements and estimates have had the most significant impact on amounts recognised in the financial statements.

Impairment of debtors

The Company makes an assessment of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management consider various factors including the ageing profile of debtors, historical experience and the financial standing of the customer.

Impairment of stock

At the Balance sheet date management considers the recoverability of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated future usage of the finished goods.

Taxation

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax authorities and differing interpretations of tax regulations by the Company and the tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

4. Turnover

The whole of the turnover is attributable to the sale of agricultural harvesting machines, tractors, parts and services.

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	123,155	151,138
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	16,500	16,200
Other operating lease rentals	236,679	237,918
Defined contribution pension cost	87,129	91,514

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**6. Auditors' remuneration**

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	16,500	16,200

7. Employees

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

	2016 £	2015 £
Wages and salaries	2,535,951	2,700,510
Social security costs	243,409	266,166
Cost of defined contribution scheme	87,129	91,514
	<u>2,866,489</u>	<u>3,058,190</u>

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

	2016 No.	2015 No.
Sales and service staff	68	68
Management and administration staff	7	7
Directors	2	2
	<u>77</u>	<u>77</u>

SELLARS AGRICULTURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**



8. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	84,818	83,909
Company contributions to defined contribution pension schemes	2,242	2,242
	<u>87,060</u>	<u>86,151</u>

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

9. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	14,581	17,986
Finance leases and hire purchase contracts	7,217	10,499
Other interest payable	21,104	53,320
	<u>42,902</u>	<u>81,805</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

10. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	27,357	3,525
Total current tax	<u>27,357</u>	<u>3,525</u>
Deferred tax		
Origination and reversal of timing differences	(1,380)	559
Effect of tax rate change on opening balance	(1,975)	-
Total deferred tax	<u>(3,355)</u>	<u>559</u>
Taxation on profit on ordinary activities	<u><u>24,002</u></u>	<u><u>4,084</u></u>

Factors affecting tax charge for the year

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

	2016 £	2015 £
Profit on ordinary activities before tax	<u>121,152</u>	<u>9,212</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	24,230	1,842
Effects of:		
Expenses not deductible for tax purposes	243	1,123
Fixed asset differences	1,260	1,119
Adjust closing deferred tax to average rate of 20.00%	(1,731)	-
Total tax charge for the year	<u><u>24,002</u></u>	<u><u>4,084</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

11. Dividends

	2016 £	2015 £
Dividends paid on equity capital	41,500	-

12. Tangible fixed assets

	L/Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
Cost or valuation						
At 1 October 2015	31,500	251,887	804,369	17,117	34,841	1,139,714
Additions	-	26,067	41,922	-	9,205	77,194
Disposals	-	(28,921)	(100,059)	-	-	(128,980)
At 30 September 2016	31,500	249,033	746,232	17,117	44,046	1,087,928
Depreciation						
At 1 October 2015	7,875	186,087	644,941	17,117	22,317	878,337
Charge for period on owned assets	6,300	25,773	19,174	-	7,367	58,614
Charge for period on financed assets	-	2,160	62,381	-	-	64,541
Disposals	-	(28,865)	(100,059)	-	-	(128,924)
At 30 September 2016	14,175	185,155	626,437	17,117	29,684	872,568
Net book value						
At 30 September 2016	17,325	63,878	119,795	-	14,362	215,360
At 30 September 2015	23,625	65,800	159,428	-	12,524	261,377

SELLARS AGRICULTURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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13. Stocks

	2016 £	2015 £
Raw materials and consumables	496,496	673,229
Work in progress	109,400	225,759
Finished goods and goods for resale	3,123,756	3,403,198
	<u>3,729,652</u>	<u>4,302,186</u>

14. Debtors

	2016 £	2015 £
Trade debtors	2,926,258	3,199,779
Amounts owed by related parties	905	137
Other debtors	126,927	86,473
Prepayments and accrued income	301,541	282,352
	<u>3,355,631</u>	<u>3,568,741</u>

15. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	<u>73,362</u>	<u>100,595</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**16. Creditors: Amounts falling due within one year**

	2016 £	2015 £
Trade creditors	1,381,122	1,398,760
Amounts owed to related parties	270,277	290,796
Corporation tax	27,357	3,525
Taxation and social security	515,832	944,187
Obligations under finance lease and hire purchase contracts	66,966	61,530
Other creditors	737,688	1,346,006
Accruals and deferred income	613,496	447,803
	<u>3,612,738</u>	<u>4,492,607</u>

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

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

17. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Net obligations under finance leases and hire purchase contracts	<u>37,395</u>	<u>68,715</u>

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2016 £	2015 £
Within one year	66,966	61,530
Between 1-2 years	24,242	37,120
Between 2-5 years	13,153	30,847
Over 5 years	-	748
	<u>104,361</u>	<u>130,245</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

19. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets measured at fair value through profit or loss	73,362	100,595
Financial assets that are debt instruments measured at amortised cost	3,075,090	3,286,389
	<u>3,148,452</u>	<u>3,386,984</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(3,002,583)	(3,483,365)

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise trade debtors, amounts owed by related parties, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to related parties, other creditors and accruals.

20. Deferred taxation

	2016 £	2015 £
At beginning of year	13,164	12,605
Charged to the profit or loss	(3,355)	559
At end of year	<u>9,809</u>	<u>13,164</u>

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	11,446	15,436
Short term timing differences	(1,637)	(2,272)
	<u>9,809</u>	<u>13,164</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

21. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
207,500 Ordinary shares of £1 each	207,500	207,500

22. Pension commitments

The Company's contributions to defined contribution pension schemes in the year were £84,887 (2015 - £89,272). Outstanding contributions accrued at the year end amounted to £15,627 (2015 - £17,084).

23. Commitments under operating leases

At 30 September 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	219,780	219,780
Later than 1 year and not later than 5 years	158,418	378,198
	<u>378,198</u>	<u>597,978</u>

24. 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 year end £
N A Wattie, of which N Wattie is a partner	Sales	20,322	905
Claas UK Ltd, Shareholder	Sales	290,434	
	Purchases	(4,680,954)	(270,277)

25. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.