

Registered number: SC266513

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SELLARS AGRICULTURE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017



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 2017.

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 2.

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 operates 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 effect 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

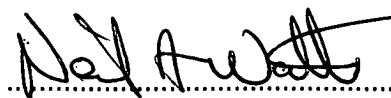
The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company manages its risk through the monitoring of net exposures.

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.

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



N A Wattie
Director

Date: 16 April 2018

SELLARS AGRICULTURE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017**



The directors present their report and the financial statements for the year ended 30 September 2017.

Results and dividends

The profit for the year, after taxation, amounted to £440,809 (2016 - £97,150).

During the year dividends of £352,750 (2016 - £41,500) 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 2018/19 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

Post year end it has been agreed Sellars Agriculture Limited will buy back the 47,500 shares held by Claas U.K. Limited.

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: 16 April 2018

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Opinion

We have audited the financial statements of Sellars Agriculture Limited for the year ended 30 September 2017, set out on pages 7 to 25. 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report 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 and the Directors' report.

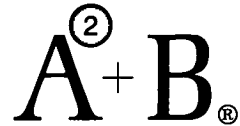
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, 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 is 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 an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditors' report.

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

Date: *16th April 2018*

SELLARS AGRICULTURE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2017



	Note	2017 £	2016 £
Turnover	4	25,525,703	23,749,630
Cost of sales		(22,043,829)	(20,525,499)
Gross profit		<u>3,481,874</u>	<u>3,224,131</u>
Administrative expenses		(2,909,762)	(3,060,077)
Operating profit	5	<u>572,112</u>	<u>164,054</u>
Interest payable and expenses	9	(24,112)	(42,902)
Profit before tax		<u>548,000</u>	<u>121,152</u>
Tax on profit	10	(107,191)	(24,002)
Profit for the financial year		<u><u>440,809</u></u>	<u><u>97,150</u></u>

There was no other comprehensive income for 2017 (2016 - £NIL).

The notes on pages 11 to 25 form part of these financial statements.

SELLARS AGRICULTURE LIMITED
REGISTERED NUMBER:SC266513

BALANCE SHEET
AS AT 30 SEPTEMBER 2017



	Note	2017 £	2016 £
Fixed assets			
Tangible assets	12	248,959	215,360
		<u>248,959</u>	<u>215,360</u>
Current assets			
Stocks	13	4,385,554	3,729,652
Debtors: amounts falling due within one year	14	2,944,861	3,355,631
Cash at bank and in hand	15	1,068,033	73,362
		<u>8,398,448</u>	<u>7,158,645</u>
Creditors: amounts falling due within one year	16	(4,719,914)	(3,612,738)
Net current assets		<u>3,678,534</u>	<u>3,545,907</u>
Total assets less current liabilities		<u>3,927,493</u>	<u>3,761,267</u>
Creditors: amounts falling due after more than one year	17	(107,947)	(37,395)
Provisions for liabilities			
Deferred tax	20	(17,424)	(9,809)
		<u>(17,424)</u>	<u>(9,809)</u>
Net assets		<u><u>3,802,122</u></u>	<u><u>3,714,063</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>3,402,122</u>	<u>3,314,063</u>
		<u><u>3,802,122</u></u>	<u><u>3,714,063</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: 16 April 2018

The notes on pages 11 to 25 form part of these financial statements.

SELLARS AGRICULTURE LIMITED



**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2016	207,500	162,500	30,000	3,314,063	3,714,063
Profit for the year	-	-	-	440,809	440,809
Dividends: Equity capital	-	-	-	(352,750)	(352,750)
At 30 September 2017	207,500	162,500	30,000	3,402,122	3,802,122

**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

The notes on pages 11 to 25 form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	440,809	97,150
Adjustments for:		
Depreciation of tangible assets	118,728	123,155
Loss on disposal of tangible assets	(7,873)	(3,844)
Interest payable	24,112	42,902
Taxation charge	107,191	24,002
(Increase)/decrease in stocks	(655,902)	572,534
Decrease in debtors	418,751	213,878
Increase/(decrease) in amounts owed by participating interests	(7,981)	(768)
Increase/(decrease) in creditors	1,115,995	(888,618)
(Decrease) in amounts owed to participating interests	(76,697)	(20,519)
Corporation tax paid	(27,357)	(3,525)
Net cash generated from operating activities	1,449,776	156,347
Cash flows from investing activities		
Purchase of tangible fixed assets	(154,845)	(77,194)
Sale of tangible fixed assets	10,391	3,900
HP interest paid	(6,050)	(7,217)
Net cash from investing activities	(150,504)	(80,511)
Cash flows from financing activities		
Repayment of/new finance leases	66,211	(25,884)
Dividends paid	(352,750)	(41,500)
Interest paid	(18,062)	(35,685)
Net cash used in financing activities	(304,601)	(103,069)
Net increase/(decrease) in cash and cash equivalents	994,671	(27,233)
Cash and cash equivalents at beginning of year	73,362	100,595
Cash and cash equivalents at the end of year	1,068,033	73,362
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,068,033	73,362
	1,068,033	73,362

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**



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.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The 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.

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.

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.

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 lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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

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.

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 charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**



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:

	2017 £	2016 £
Depreciation of tangible fixed assets	118,728	123,155
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	16,500	16,500
Other operating lease rentals	225,873	236,679
Defined contribution pension cost	86,320	87,129

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

6. Auditors' remuneration

	2017 £	2016 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	16,500	16,500

7. Employees

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

	2017 £	2016 £
Wages and salaries	2,332,250	2,535,951
Social security costs	233,784	243,409
Cost of defined contribution scheme	86,320	87,129
	2,652,354	2,866,489

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

	2017 No.	2016 No.
Sales and service staff	62	68
Management and administration staff	7	7
Directors	2	2
	71	77

SELLARS AGRICULTURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**



8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	85,670	84,818
Company contributions to defined contribution pension schemes	8,242	2,242
	<u>93,912</u>	<u>87,060</u>

During the year retirement benefits were accruing to no directors (2016 - 1) in respect of defined contribution pension schemes.

9. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	3,861	14,581
Finance leases and hire purchase contracts	6,050	7,217
Other interest payable	14,201	21,104
	<u>24,112</u>	<u>42,902</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

10. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	99,576	27,357
Total current tax	<u>99,576</u>	<u>27,357</u>
Deferred tax		
Origination and reversal of timing differences	7,615	(1,380)
Effect of tax rate change on opening balance	-	(1,975)
Total deferred tax	<u>7,615</u>	<u>(3,355)</u>
Taxation on profit on ordinary activities	<u>107,191</u>	<u>24,002</u>
Factors affecting tax charge for the year		

The tax assessed for the year is higher than (2016 - lower than) the standard rate of corporation tax in the UK of 19.5% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>548,000</u>	<u>121,152</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.5% (2016 - 20%)	106,852	24,230
Effects of:		
Expenses not deductible for tax purposes	229	243
Fixed asset differences	1,228	1,260
Changes to deferred tax rates	(1,118)	(1,731)
Total tax charge for the year	<u>107,191</u>	<u>24,002</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 2017

11. Dividends

	2017 £	2016 £
Dividends paid on equity capital	352,750	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 2016	31,500	249,033	746,232	17,117	44,046	1,087,928
Additions	-	7,130	142,137	-	5,578	154,845
Disposals	-	-	(83,082)	-	-	(83,082)
At 30 September 2017	31,500	256,163	805,287	17,117	49,624	1,159,691
Depreciation						
At 1 October 2016	14,175	185,155	626,437	17,117	29,684	872,568
Charge for the year on owned assets	6,300	25,951	9,901	-	9,359	51,511
Charge for the year on financed assets	-	2,160	65,057	-	-	67,217
Disposals	-	-	(80,564)	-	-	(80,564)
At 30 September 2017	20,475	213,266	620,831	17,117	39,043	910,732
Net book value						
At 30 September 2017	11,025	42,897	184,456	-	10,581	248,959
At 30 September 2016	17,325	63,878	119,795	-	14,362	215,360

SELLARS AGRICULTURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**



13. Stocks

	2017 £	2016 £
Interest bearing consignment vehicles	1,085,238	496,496
Work in progress	141,411	109,400
Finished goods and goods for resale	3,158,905	3,123,756
	<u>4,385,554</u>	<u>3,729,652</u>

14. Debtors

	2017 £	2016 £
Trade debtors	2,695,205	2,926,258
Amounts owed by related parties	8,886	905
Other debtors	51,586	126,927
Prepayments and accrued income	189,184	301,541
	<u>2,944,861</u>	<u>3,355,631</u>

15. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<u>1,068,033</u>	<u>73,362</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**16. Creditors: Amounts falling due within one year**

	2017 £	2016 £
Trade creditors	1,231,829	1,381,122
Amounts owed to related parties	193,580	270,277
Corporation tax	99,576	27,357
Taxation and social security	785,481	515,832
Obligations under finance lease and hire purchase contracts	62,625	66,966
Other creditors	1,706,372	737,688
Accruals and deferred income	640,451	613,496
	<u>4,719,914</u>	<u>3,612,738</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

	2017 £	2016 £
Net obligations under finance leases and hire purchase contracts	<u>107,947</u>	<u>37,395</u>

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	62,624	66,966
Between 1-2 years	47,663	24,242
Between 2-5 years	60,284	13,153
	<u>170,571</u>	<u>104,361</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

19. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	1,068,033	73,362
Financial assets that are debt instruments measured at amortised cost	2,755,677	3,075,090
	<u>3,823,710</u>	<u>3,148,452</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(3,772,232)	(3,002,583)

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

	2017 £	2016 £
At beginning of year	9,809	13,164
Charged to profit or loss	7,615	(3,355)
At end of year	<u>17,424</u>	<u>9,809</u>

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	19,844	11,446
Short term timing differences	(2,420)	(1,637)
	<u>17,424</u>	<u>9,809</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**21. Share capital**

	2017 £	2016 £
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 £86,320 (2016 - £84,887). Outstanding contributions accrued at the year end amounted to £15,231 (2016 - £15,627).

23. Commitments under operating leases

At 30 September 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	158,418	219,780
Later than 1 year and not later than 5 years	-	158,418
	158,418	378,198

24. Related party transactions

Related party	Transaction	£	Balance at year end £
N A Wattie, of which N Wattie is a partner	Sales	12,835	8,886
Claas UK Ltd, Shareholder	Sales	83,629	
	Purchases	(4,733,577)	(193,580)

25. Post balance sheet events

Post year end it has been agreed Sellars Agriculture Limited will buy back the 47,500 shares held by Claas U.K. Limited.