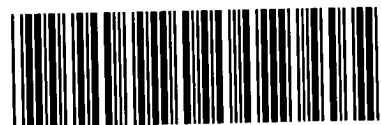


Companies
House

VADERSTAD LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

FRIDAY



A6XHSDCI

A13

12/01/2018

#155

COMPANIES HOUSE

VADERSTAD LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2017

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	5
Independent auditor's report to the member	7
Statement of income and retained earnings	11
Statement of financial position	12
Statement of cash flows	13
Notes to the financial statements	14

VADERSTAD LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Ms C Stark C Stark M J W Alsop
Company secretary	Mrs E Prince
Registered office	Unit 1 Ellesmere Business Park Grantham Lincs NG31 7XT
Auditor	Streets Audit LLP Chartered Accountant & Statutory Auditor Windsor House A1 Business Park at Long Bennington Notts NG23 5JR
Bankers	Danske Bank ICB London 75 King William Street London England EC4N 7DT

VADERSTAD LIMITED

STRATEGIC REPORT

YEAR ENDED 30 SEPTEMBER 2017

Vaderstad Limited is the oldest subsidiary of the Vaderstad Group, a family run business situated in Sweden. The Vaderstad group now consists of 13 fully operational subsidiary companies throughout the world and the brand continues to be based on the core values of its founder - to supply modern agriculture with highly efficient machinery and methodology.

Over the past twenty five years Vaderstad Limited has established itself as one of the UK's leading suppliers of soil cultivation and seed drilling equipment within the farming industry. More recently the group has continued to focus on product development, resulting in the production of farming machinery which not only delivers excellent operational results but also has a positive environmental impact by reducing the carbon footprint.

The success of the company to date is based not only on the brand values within the group but also the continued development of the quality of service provided by its dealer network along with innovative marketing and cross-industry partnerships.

Business review

The company has continued to deliver mid-high market farming equipment at competitive prices. All of the products that the company sells are supplied by the parent company, Vaderstad AB. The range and quality of the product offering has continued to develop throughout 2017 in line with the expectations of our customers all over Europe.

The financial results for the financial period to 30 September 2017 reflect the general recovery of the market due to improved commodity prices and increased farm incomes. The recovery has been aided by the effects of the weak pound on the trading and export of used machinery, which has helped with both export and domestic trading. The clearing out of stocks of new and used equipment has allowed dealers to trade more sustainably and more actively. Modest price increases due to currency and manufacturing inflation have improved our relative price competitiveness. The introduction of further new machine models will be instrumental in driving demand and encouraging investment.

Sales of spare parts were strong throughout much of the year, again driven partly by low stocks, with further help from a dry period early in the summer and the size of the park of older machines requiring maintenance and repair work.

In addition to sales volume, the key performance indicators of the business tend to be those that reflect the financial performance as a whole, as outlined below:

	2017	2016
	£	£
Turnover	17,069	14,871
Turnover growth %	15	12
Gross margin %	11	9
Net profit / (loss) before tax	307,703	(184,560)

Gross profit for machines has been impacted by general market competitiveness and the depreciation of the demonstration inventory.

VADERSTAD LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2017

Risk assessment

Our business is not without risk and uncertainty. The fortunes of our business in the most part are dictated by the state of the UK farming industry, which can be affected by a number of factors including crop prices, extreme weather conditions and the general economic environment. We also face the ongoing risk of loss of market share due to the continued level of competition in the market place. We also see on-going competition on spare part sales in the form of much cheaper spare parts which are not genuine. Our assessment on the key risks, are as follows.

(a)Business risk

We continue to recognise and mitigate our business risks as far as possible with the ongoing development of our product range, working closely with our customers and dealer network and improving on the already excellent reputation of the Vaderstad brand.

(b)Financial risk

The financial performance of the company, in particular its operating profitability and cash flow, are closely monitored by the directors. In doing so the directors are of the opinion that financial risks facing the company can be identified and dealt with effectively.

(c)Credit risk

The company seeks to manage its credit risk by dealing with established customers or otherwise checking the credit-worthiness of new customers, establishing clear contractual relationships with those customers and by identifying and addressing any credit issues arising in a timely manner.

(d)Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by overdraft facilities.

(e)Exchange rate risk

The company seeks to minimise exchange rate risk by utilising intra-group cash pooling arrangements.

Future outlook

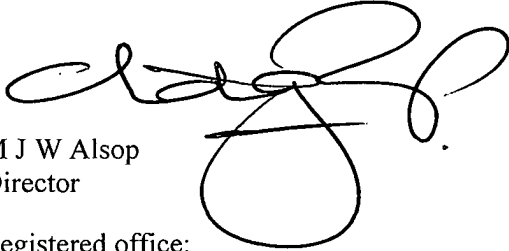
The outlook for the 12 month financial year from October 2017 to September 2018 is one of general optimism. The Pre-Season sales campaign to dealer network, on the back of a low stock base, has been very successful, with machine orders reaching 70% of the annual budget. We anticipate financial growth in the coming year and the continued development of our product range and our dealer network we expect to remain one of the UK's leading suppliers of farm equipment for years to come.

VADERSTAD LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2017

This report was approved by the board of directors on 5-01-18 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to be 'M J W Alsop', written over a horizontal line.

M J W Alsop
Director

Registered office:
Unit 1
Ellesmere Business Park
Grantham
Lincs
NG31 7XT

VADERSTAD LIMITED

DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2017

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

Directors

The directors who served the company during the year were as follows:

Ms C Stark
C Stark
M J W Alsop

Dividends

The directors do not recommend the payment of a dividend.

Disclosure of information in the strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 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;
- 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.

VADERSTAD LIMITED

DIRECTORS' REPORT *(continued)*

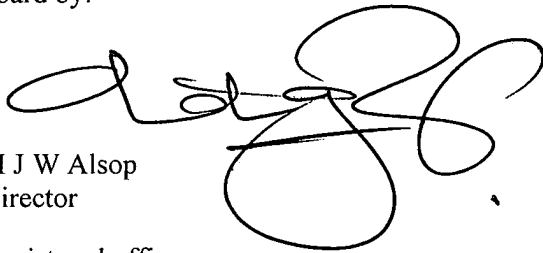
YEAR ENDED 30 SEPTEMBER 2017

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 5-01-18 and signed on behalf of the board by:



M J W Alsop
Director

Registered office:
Unit 1
Ellesmere Business Park
Grantham
Lincs
NG31 7XT

VADERSTAD LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF VADERSTAD LIMITED

YEAR ENDED 30 SEPTEMBER 2017

Opinion

We have audited the financial statements of Vaderstad Limited for the year ended 30 September 2017 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 member, 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 member those matters we are required to state to them in an auditor's 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 member 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;
- 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

VADERSTAD LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF VADERSTAD LIMITED *(continued)*

YEAR ENDED 30 SEPTEMBER 2017

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the 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 or 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.

VADERSTAD LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF VADERSTAD LIMITED (continued)

YEAR ENDED 30 SEPTEMBER 2017

Responsibilities of directors

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, 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.

Auditor's 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 auditor's 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

VADERSTAD LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF VADERSTAD LIMITED *(continued)*

YEAR ENDED 30 SEPTEMBER 2017

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



MARK BRADSHAW (Senior Statutory Auditor)

For and on behalf of
Streets Audit LLP
Chartered accountant & statutory auditor
Windsor House
A1 Business Park at
Long Bennington
Notts
NG23 5JR

5/1/2018

VADERSTAD LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 £	2016 £
Turnover	4	17,069,828	14,871,206
Cost of sales		<u>15,191,155</u>	<u>13,580,517</u>
Gross profit		1,878,673	1,290,689
Distribution costs		<u>145,891</u>	154,474
Administrative expenses		<u>1,425,880</u>	<u>1,321,955</u>
Operating profit/(loss)	5	306,902	(185,740)
Other interest receivable and similar income	9	<u>801</u>	<u>1,180</u>
Profit/(loss) before taxation		307,703	(184,560)
Tax on profit/(loss)	10	<u>59,008</u>	<u>(35,607)</u>
Profit/(loss) for the financial year and total comprehensive income		<u>248,695</u>	<u>(148,953)</u>
Retained earnings at the start of the year		<u>4,497,332</u>	4,646,285
Retained earnings at the end of the year		<u>4,746,027</u>	<u>4,497,332</u>

All the activities of the company are from continuing operations.

The notes on pages 14 to 23 form part of these financial statements.

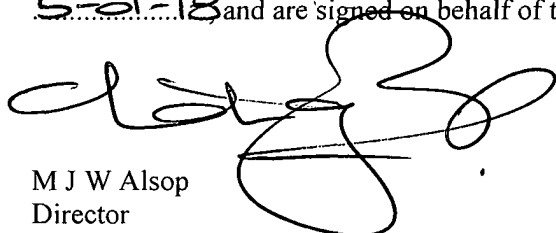
VADERSTAD LIMITED

STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	11	71,119	86,277
Current assets			
Stocks	12	1,876,439	1,622,817
Debtors	13	6,967,875	6,977,827
Cash at bank and in hand		658	963
		<u>8,844,972</u>	<u>8,601,607</u>
Creditors: amounts falling due within one year	14	<u>3,857,112</u>	<u>3,915,337</u>
Net current assets		<u>4,987,860</u>	<u>4,686,270</u>
Total assets less current liabilities		<u>5,058,979</u>	<u>4,772,547</u>
Provisions			
Taxation including deferred tax	15	<u>12,952</u>	<u>(24,785)</u>
Net assets		<u><u>5,046,027</u></u>	<u><u>4,797,332</u></u>
Capital and reserves			
Called up share capital	19	300,000	300,000
Profit and loss account	20	<u>4,746,027</u>	<u>4,497,332</u>
Member funds		<u><u>5,046,027</u></u>	<u><u>4,797,332</u></u>

These financial statements were approved by the board of directors and authorised for issue on 5-01-18 and are signed on behalf of the board by:



M J W Alsop
Director

Company registration number: 02768478

The notes on pages 14 to 23 form part of these financial statements.

VADERSTAD LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED 30 SEPTEMBER 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit/(loss) for the financial year	248,695	(148,953)
<i>Adjustments for:</i>		
Depreciation of tangible assets	15,158	16,402
Other interest receivable and similar income	(801)	(1,180)
(Gains)/loss on disposal of tangible assets	(2,203)	1,046
Tax on profit/(loss)	59,008	(35,607)
Accrued expenses/(income)	16,251	(31,764)
<i>Changes in:</i>		
Stocks	(253,622)	1,319,325
Trade and other debtors	9,952	(284,455)
Trade and other creditors	46,885	203,698
Cash generated from operations	139,323	1,038,512
Interest received	801	1,180
Tax paid	(20,312)	–
Net cash from operating activities	<u>119,812</u>	<u>1,039,692</u>
Cash flows from investing activities		
Purchase of tangible assets	–	(2,295)
Proceeds from sale of tangible assets	2,203	–
Net cash from/(used in) investing activities	<u>2,203</u>	<u>(2,295)</u>
Cash flows from financing activities		
Repayments of loans from group undertakings	(122,320)	(1,036,766)
Net cash used in financing activities	<u>(122,320)</u>	<u>(1,036,766)</u>
Net (decrease)/increase in cash and cash equivalents	(305)	631
Cash and cash equivalents at beginning of year	963	332
Cash and cash equivalents at end of year	<u>658</u>	<u>963</u>

The notes on pages 14 to 23 form part of these financial statements.

VADERSTAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Unit 1, Ellesmere Business Park, Grantham, Lincs, NG31 7XT.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise.

- **Significant judgements**

The company does not have a bank account. Instead the company is part of an intra group cash pool, with the cash pool owner being the ultimate parent company Vaderstad AB. Cash balances are shown as intercompany balances, and are included as debtors in note 13 to these financial statements.

- **Key sources of estimation uncertainty**

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The only key assumption estimation uncertainty that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is for stock provision.

The company sells agricultural machinery and spare parts and its materials can become subject to obsolescence due to manufacturing specifications and other factors. As a result it is necessary to consider the recoverability of the cost of certain stock items and the associate provisioning required. When making these assessments management considers the nature and condition of the stocks as well as considering the possible future applications.

For further details refer to the stocks policy.

VADERSTAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2017

3. Accounting policies *(continued)*

Revenue recognition

The turnover shown in the profit and loss account represents the value of all goods sold, exclusive of Value Added Tax. Turnover is recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attaching to the sale have been transferred to the customer.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised in respect of all material timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

VADERSTAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2017

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Land & Buildings	- 4% straight line
Plant & Machinery	- 25% straight line
Fixtures & Fittings	- 25% straight line
Motor Vehicles	- 20% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

Stocks

Stocks are valued at the lower of cost and net realisable value, on a first-in-first-out basis, after making due allowance for obsolete and slow moving items. Cost is based on purchase price.

As part of a group policy demonstrator machine stocks are subject to write down as follows:

Values on machines older than 1 year reduced by 15%.
Values on machines older than 2 years reduced by 30%.
Values on machines older than 3 years reduced by 50%.

As part of a group policy parts stocks are subject to write down as follows:

Values on items remaining in stock after 2 years reduced by 50%. Values on items remaining in stock after 3 years reduced by 75%. Values on items remaining in stock after 4 years reduced by 100%.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

VADERSTAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2017

3. Accounting policies *(continued)*

Provisions *(continued)*

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

- **Financial assets**

Basic financial assets, including trade and other receivables, cash and bank balances, loans to fellow group companies and investments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

The intra group cash pool balances behave in a manner similar to cash balances. They are highly liquid and available on demand.

Such assets are subsequently carried at amortised cost, using the effective interest method.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

VADERSTAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2017

3. Accounting policies *(continued)*

Financial instruments *(continued)*

- Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost, using the effective interest method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2017	2016
	£	£
Sale of goods	<u>17,069,828</u>	<u>14,871,206</u>

Turnover relates solely to sales made within the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging:

	2017	2016
	£	£
Depreciation of tangible assets	15,158	16,402
(Gains)/loss on disposal of tangible assets	(2,203)	1,046
Foreign exchange differences	(3,764)	(90,991)
Rent	<u>18,978</u>	<u>19,195</u>

VADERSTAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2017

6. Auditor's remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>10,000</u>	<u>10,000</u>

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017	2016
	No.	No.
Production staff	5	6
Distribution staff	9	9
Administrative staff	1	1
Management staff	3	3
	<u>18</u>	<u>19</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017	2016
	£	£
Wages and salaries	810,388	828,675
Social security costs	114,446	112,795
Other pension costs	75,926	78,615
	<u>1,000,760</u>	<u>1,020,085</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	<u>109,699</u>	<u>109,196</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2017	2016
	No.	No.
Defined contribution plans	<u>1</u>	<u>1</u>

9. Other interest receivable and similar income

	2017	2016
	£	£
Interest on cash and cash equivalents	<u>801</u>	<u>1,180</u>

VADERSTAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2017

10. Tax on profit/(loss)

Major components of tax expense/(income)

	2017 £	2016 £
Current tax:		
UK current tax expense	21,271	—
Deferred tax:		
Origination and reversal of timing differences	37,737	(35,607)
Tax on profit/(loss)	<u>59,008</u>	<u>(35,607)</u>

Reconciliation of tax expense/(income)

The tax assessed on the profit on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19% (2016: 20%).

	2017 £	2016 £
Profit/(loss) on ordinary activities before taxation	307,703	(184,560)
Profit/(loss) on ordinary activities by rate of tax	58,464	(36,912)
Effect of capital allowances and depreciation	544	1,305
Tax on profit/(loss)	<u>59,008</u>	<u>(35,607)</u>

11. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 October 2016	286,256	18,786	55,361	43,087	403,490
Disposals	—	(5,306)	(18,892)	(21,182)	(45,380)
At 30 September 2017	<u>286,256</u>	<u>13,480</u>	<u>36,469</u>	<u>21,905</u>	<u>358,110</u>
Depreciation					
At 1 October 2016	208,644	18,786	49,698	40,085	317,213
Charge for the year	10,850	—	3,262	1,046	15,158
Disposals	—	(5,306)	(18,892)	(21,182)	(45,380)
At 30 September 2017	<u>219,494</u>	<u>13,480</u>	<u>34,068</u>	<u>19,949</u>	<u>286,991</u>
Carrying amount					
At 30 September 2017	<u>66,762</u>	<u>—</u>	<u>2,401</u>	<u>1,956</u>	<u>71,119</u>
At 30 September 2016	<u>77,612</u>	<u>—</u>	<u>5,663</u>	<u>3,002</u>	<u>86,277</u>

VADERSTAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2017

11. Tangible assets *(continued)*

Included within Land and Buildings is land to the value of £15,000 (2016: £15,000) which is not depreciated.

12. Stocks

	2017	2016
	£	£
Raw materials and consumables	712,329	570,869
Finished goods and goods for resale	1,164,110	1,051,948
	<u>1,876,439</u>	<u>1,622,817</u>

13. Debtors

	2017	2016
	£	£
Trade debtors	5,343,189	5,167,186
Amounts owed by group undertakings	1,519,817	1,702,828
Prepayments and accrued income	104,869	87,501
Corporation tax repayable	—	20,312
	<u>6,967,875</u>	<u>6,977,827</u>

The above inter company balance reflects the intra-group claim or liability arising from the operation of a cash pool. The intra-group claim or liability arises between the owner of the cash pool and the companies participating.

14. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	106,122	50,164
Amounts owed to group undertakings	3,044,049	3,166,369
Accruals and deferred income	220,530	204,279
Corporation tax	959	—
Social security and other taxes	485,452	494,525
	<u>3,857,112</u>	<u>3,915,337</u>

VADERSTAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2017

15. Provisions

	Deferred tax (note 16) £
At 1 October 2016	(24,785)
Additions	(2,831)
Charge against provision	40,568
At 30 September 2017	<u>12,952</u>

16. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017 £	2016 £
Included in provisions (note 15)	<u>12,952</u>	<u>(24,785)</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017 £	2016 £
Accelerated capital allowances	<u>12,952</u>	<u>15,783</u>

17. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £75,926 (2016: £78,615).

18. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2017 £	2016 £
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	<u>6,863,664</u>	<u>6,870,977</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>3,370,701</u>	<u>3,420,812</u>

VADERSTAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2017

19. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

20. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

21. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Not later than 1 year	<u>81,295</u>	<u>50,229</u>
Later than 1 year and not later than 5 years	<u>99,025</u>	<u>35,229</u>
	<u>180,320</u>	<u>85,458</u>

22. Related party transactions

The company is a 100% subsidiary of Vaderstad AB, a business incorporated in Sweden.

The results of the company are consolidated in the financial statements of Vaderstad AB which are available from Vaderstad AB, Sweden and accordingly the disclosure requirements of FRS 102 have been taken on related party transactions within the group.

Key management personnel remuneration totalled £243,218 (2016 - £211,805).

23. Controlling party

The company is a wholly owned subsidiary of Vaderstad AB, a business incorporated in Sweden. Vaderstad AB is a wholly owned subsidiary of Vaderstad Holdings AB a business incorporated in Sweden. Vaderstad Holdings AB are considered to be the ultimate parent undertaking. The consolidated financial statements can be obtained from Vaderstad AB, Hogstadvagen 2, SE-590 21 Vaderstad, Sweden.