

# THE REGISTRAR OF COMPANIES

J COTTON AGRICULTURAL CONTRACTORS  
LIMITED

UNAUDITED  
FINANCIAL STATEMENTS

30 JUNE 2017



**ArmstrongWatson®**

Accountants, Business & Financial Advisers

**J COTTON AGRICULTURAL CONTRACTORS LIMITED**  
**REGISTERED NUMBER: 05787191**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	4	615,714	613,362
		<u>615,714</u>	<u>613,362</u>
<b>Current assets</b>			
Stocks	5	223,850	124,438
Debtors: amounts falling due within one year	6	138,984	192,453
		<u>362,834</u>	<u>316,891</u>
Creditors: amounts falling due within one year	7	(246,326)	(216,092)
<b>Net current assets</b>		<u>116,508</u>	<u>100,799</u>
<b>Total assets less current liabilities</b>		<u>732,222</u>	<u>714,161</u>
Creditors: amounts falling due after more than one year	8	(189,352)	(230,707)
<b>Provisions for liabilities</b>			
Deferred tax	10	(112,279)	(101,149)
		<u>(112,279)</u>	<u>(101,149)</u>
<b>Net assets</b>		<u><u>430,591</u></u>	<u><u>382,305</u></u>

**J COTTON AGRICULTURAL CONTRACTORS LIMITED**  
**REGISTERED NUMBER: 05787191**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 30 JUNE 2017**

	Note	2017 £	2016 £
<b>Capital and reserves</b>			
Called up share capital		100	100
Profit and loss account		430,491	382,205
		<u>430,591</u>	<u>382,305</u>

The director considers that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

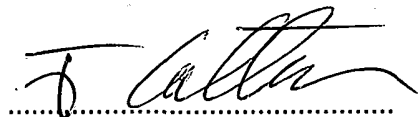
The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the income statement in accordance with provisions applicable to companies subject to the small companies' regime.

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



.....  
**Mr J Cotton**  
Director

Date: 7-12-17

The notes on pages 3 to 9 form part of these financial statements.

## **J COTTON AGRICULTURAL CONTRACTORS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

#### **1. General information**

J Cotton Agricultural Contractors Limited is a company limited by shares incorporated in England and Wales within the United Kingdom. The address of the registered office is given in the company information pages within these financial statements.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

#### **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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

##### **2.2 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.

##### **2.3 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.

## **J COTTON AGRICULTURAL CONTRACTORS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

#### **2. Accounting policies (continued)**

##### **2.3 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant and machinery	- 20% Reducing balance
Motor vehicles	- 25% Reducing balance
Fixtures and fittings	- 25% Reducing balance

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 Income statement.

##### **2.4 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 first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting 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 profit or loss.

##### **2.5 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.

##### **2.6 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 debtors and creditors, 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.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Income statement if the shares are publicly traded or their fair value can otherwise be measured reliably;

## **J COTTON AGRICULTURAL CONTRACTORS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

#### **2. Accounting policies (continued)**

##### **2.6 Financial instruments (continued)**

- at cost less impairment for all other investments.

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 Income statement.

##### **2.7 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.

##### **2.8 Finance costs**

Finance costs are charged to the Income statement 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.

##### **2.9 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

##### **2.10 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Income statement on a straight line basis over the lease term.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 July 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

##### **2.11 Interest income**

Interest income is recognised in the Income statement using the effective interest method.

##### **2.12 Borrowing costs**

All borrowing costs are recognised in the Income statement in the year in which they are incurred.

## **J COTTON AGRICULTURAL CONTRACTORS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

#### **2. Accounting policies (continued)**

##### **2.13 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 Income statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position 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 Statement of financial position.

##### **2.14 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, 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 reporting 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 Statement of financial position 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 reporting date.

#### **3. Employees**

The average monthly number of employees, including directors, during the year was 6 (2016 - 5).

# J COTTON AGRICULTURAL CONTRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 4. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>				
At 1 July 2016	1,242,225	28,787	113	1,271,125
Additions	131,000	-	-	131,000
Disposals	(49,600)	-	-	(49,600)
At 30 June 2017	<u>1,323,625</u>	<u>28,787</u>	<u>113</u>	<u>1,352,525</u>
<b>Depreciation</b>				
At 1 July 2016	639,306	18,350	107	657,763
Charge for the year on owned assets	72,661	1,485	2	74,148
Charge for the year on financed assets	30,096	1,125	-	31,221
Disposals	(26,321)	-	-	(26,321)
At 30 June 2017	<u>715,742</u>	<u>20,960</u>	<u>109</u>	<u>736,811</u>
<b>Net book value</b>				
At 30 June 2017	<u>607,883</u>	<u>7,827</u>	<u>4</u>	<u>615,714</u>
At 30 June 2016	<u>602,919</u>	<u>10,437</u>	<u>6</u>	<u>613,362</u>

### 5. Stocks

	2017 £	2016 £
Raw materials and consumables	223,850	124,438
	<u>223,850</u>	<u>124,438</u>

### 6. Debtors

	2017 £	2016 £
Trade debtors	103,829	119,960
Other debtors	27,787	65,081
Prepayments and accrued income	7,368	7,412
	<u>138,984</u>	<u>192,453</u>



# **J COTTON AGRICULTURAL CONTRACTORS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

### **7. Creditors: Amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Bank overdrafts	<b>114,828</b>	74,784
Trade creditors	<b>21,994</b>	31,943
Corporation tax	<b>3,882</b>	229
Other taxation and social security	<b>1,444</b>	22,668
Obligations under finance lease and hire purchase contracts	<b>101,398</b>	81,672
Other creditors	-	1,996
Accruals and deferred income	<b>2,780</b>	2,800
	<b>246,326</b>	216,092

### **8. Creditors: Amounts falling due after more than one year**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Net obligations under finance leases and hire purchase contracts	<b>189,352</b>	230,707
	<b>189,352</b>	230,707

#### **Secured loans**

Bank loans and overdrafts due of £114,828 (2016 - £74,784) are secured.

### **9. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Within one year	<b>101,398</b>	81,672
Between 1-2 years	<b>85,847</b>	75,057
Between 2-5 years	<b>103,505</b>	155,650
	<b>290,750</b>	312,379

**J COTTON AGRICULTURAL CONTRACTORS LIMITED**

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

**10. Deferred taxation**

	2017 £
At beginning of year	(101,149)
Charged to profit or loss	(11,130)
<b>At end of year</b>	<b>(112,279)</b>

The provision for deferred taxation is made up as follows:

	2017 £
Accelerated capital allowances	(112,279)
	<b>(112,279)</b>

**11. Director's personal guarantees**

At 1 July 2016 £60,501 was owed to the company by the director. Advances of £28,861 were made by the company during the year against which repayments of £71,958 were made. At the balance sheet date £17,404 was owed to the company. The maximum amount outstanding during the year was £63,071.

**12. Related party transactions**

Dividends of £12,000 (2016 - £32,000) were paid to Mr J Cotton, director, during the year.

At the balance sheet date £17,404 (2016 - £60,501) was owed by Mr J Cotton to the company, as disclosed in note 11 to the accounts. Interest of £921 (2016 - £1,220) was receivable by the company in respect of loan amounts owed to the company during the year.

The director has provided a personal guarantee limited to £50,000 (2016 - £50,000) in respect of the bank borrowings.

**13. Controlling party**

The company was under the control of Mr J Cotton throughout the year. Mr Cotton is the sole director and shareholder.

**14. 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.