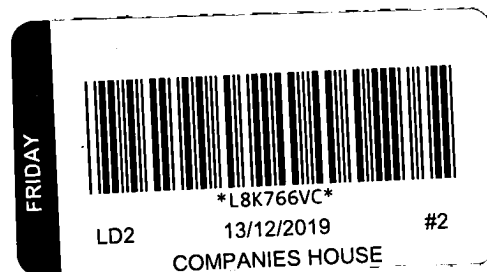

ROCHFORD GARDEN MACHINERY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018



ROCHFORD GARDEN MACHINERY LIMITED

COMPANY INFORMATION

Director S Anderson

Registered number 02311359

Registered office Wincanton Business Park
Wincanton
Somerset
BA9 9RS

Independent auditors Nexia Smith & Williamson
Chartered Accountants & Statutory Auditors
25 Moorgate
London
EC2R 6AY

ROCHFORD GARDEN MACHINERY LIMITED

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ROCHFORD GARDEN MACHINERY LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2018

The director presents his Strategic Report for the period from 1 August 2018 to 31 December 2018.

Principal activity

The principal activity of the Company is the importation, distribution, sales and repair of commercial and consumer horticultural machinery and associated spare parts. The core business activities take place in the United Kingdom and Ireland.

Business review

The accounts for this period are for a shortened 5-month accounting period, allowing the business to adopt the Group accounting period of January to December from the start of 2019. The period is typically a quieter period for the business as the main sales activity concerns generating future orders and commitment from customers for the next gardening season.

In the period of September to December, the business conducts its pre-season campaign to customers. During this period commitment is received and forward orders are placed by customers. On the back of a challenging spring/summer season, customers were more cautious with orders due to the abnormal weather conditions experienced earlier in the year, worrying of similar conditions in 2019. There was a realigning of ranges and price points for the business during this period, with support from the Group, to ensure that the product ranges were priced competitively in the market and to help build a strong foundation for growth in 2019. This resulted in a short term reduction in the gross margin compared to the previous period. The long term objective is to increase sales by offering a more competitive product to customers.

The introduction of an improved stock management system has resulted in the Company being able to reduce its overall stock holding whilst enabling the business to improve efficiencies and achieve a higher order fulfilment rate for its customers.

Principal risks and uncertainties

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the availability of a bank overdraft. The Company also makes use of money markets for deposits of excess funds at certain times throughout the year. In respect of loans, these comprise of loans from the bank, the shareholders, and hire purchase financing institutions. The Company ensures that sufficient funds are available to meet repayments. Loans from the shareholders are subject to market rate interest and are payable on demand. Trade debtors are managed by strict policies, concerning credit offered to customers and are regularly monitored for outstanding amounts. Trade creditors liquidity risk is managed by ensuring that sufficient funds are available to meet amounts due for payment. The business has also developed a 5 year sales plan as well as a cost analysis that is reviewed regularly to ensure the long term growth and security of the business given the changing market that it operates in.

ROCHFORD GARDEN MACHINERY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2018

Financial key performance indicators

	2019	2018
Turnover	2,903,895	7,629,707
Gross profit	770,161	2,243,521
Gross profit %	26.52	29.41
Net loss before tax	314,011	379,220
Net loss %	10.81	4.97

The shortened accounting period together with the seasonal nature of the Company's operations have resulted in a loss for this shortened period. The director is positive that, with the new pricing strategy and investments that AL-KO Geraete GmbH will make, this will result in improved future profitability for the Company. As the business moves into 2019, with the assistance of the AL-KO group, the Company looks to improve its market share and therefore strengthen its position in the UK market.

Future developments and risks

Foreign exchange is undoubtedly the largest risk and unknown factor affecting the business, as the majority of purchases are in either USD or EURO. The impact of Brexit and uncertainty around the future trading relationship with Europe continues to be a primary concern for the business. The ownership by AL-KO Geraete GmbH however does mitigate some currency risk and exposure that is being undertaken by the Parent Company.

The business continues to put processes in place to minimise risk and build a sustainable and profitable platform for the future growth and development of the business.

In summary the director is optimistic that the results shown for this shortened financial period are not reflective of the future performance of the business.

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



S Anderson
Director

Date: 13/12/19

ROCHFORD GARDEN MACHINERY LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the period ended 31 December 2018.

Results and dividends

The loss for the period, after taxation, amounted to £268,807 (2018 - loss £321,495).

Directors

The directors who served during the period were:

S Anderson
K Moore (resigned 1 August 2018)
C Pebworth (resigned 1 August 2018)
E Rochford (resigned 1 August 2018)
M Rochford (resigned 1 August 2018)

Directors' responsibilities statement

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

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Future developments

The future developments of the business are included within the Strategic Report.

ROCHFORD GARDEN MACHINERY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2018

Financial instruments

The Company's principal financial instruments comprise bank balances, trade creditors, trade debtors, loans to the Company, and hire purchase agreements. The main purpose for these instruments is to raise funds for the Company's operations and minimise risk and ensure that the business capital requirements are achieved while minimising risk to the best of their abilities. The business uses Foreign Exchange contracts to mitigate the changes in the FX market. The strategy is a protective and passive strategy, based on the business requirements and to protect the purchasing power to remain competitive when sourcing products.

Research and development activities

During the period the business did not complete the same level of research and development as previous periods due to restraints on management's time.

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

The business sold its 15% share in the asset Unit 3, Murray Way which is co-owned with the Rochford Pension Trust. The sale of this asset was completed on the 5th June 2019. This sale will give the business a significant cash injection that it can use to finance its operating activities.

The bank loan, as noted in note 20, was fully repaid on the 5th June 2019.

Auditors

The auditors, Nexia Smith & Williamson, 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.



S Anderson
Director

Date:

13/12/19

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROCHFORD GARDEN MACHINERY
LIMITED**

Opinion

We have audited the financial statements of Rochford Garden Machinery Limited (the 'Company') for the period ended 31 December 2018 which comprise the Statement of Income and Retained Earnings, Balance Sheet, Statement of Cash Flows and the notes to the financial statements, 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROCHFORD GARDEN MACHINERY LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report and Financial Statements, 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.

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 or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROCHFORD GARDEN MACHINERY
LIMITED (CONTINUED)**

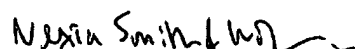
Auditor's responsibilities for the audit of the financial statements

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.

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. This description forms part of our auditor's report.

Use of our report

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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Drew (Senior Statutory Auditor)

for and on behalf of

Nexia Smith & Williamson

Chartered Accountants
Statutory Auditors

25 Moorgate
London
EC2R 6AY

Date: 13 December 2019

ROCHFORD GARDEN MACHINERY LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

		period ended 31 December 2018	period ended 31 July 2018
	Note	£	£
Turnover	4	2,903,895	7,629,707
Cost of sales		(2,133,734)	(5,386,186)
Gross profit		770,161	2,243,521
Distribution costs		(133,711)	(278,916)
Administrative expenses		(952,898)	(2,345,295)
Other operating income	5	3,149	22,592
Operating loss	6	(313,299)	(358,098)
Interest receivable and similar income	10	2,526	2,694
Interest payable and expenses	11	(3,238)	(23,816)
Loss before tax		(314,011)	(379,220)
Tax on loss	12	45,204	57,725
Loss after tax		(268,807)	(321,495)
Retained earnings at the beginning of the period		4,604,296	4,925,791
Loss for the period		(268,807)	(321,495)
Retained earnings at the end of the period		4,335,489	4,604,296

The notes on pages 11 to 30 form part of these financial statements.

ROCHFORD GARDEN MACHINERY LIMITED
REGISTERED NUMBER:02311359

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	31 December 2018 £	31 July 2018 £
Fixed assets			
Intangible assets	13	148,013	141,324
Tangible assets	14	617,804	625,631
		<u>765,817</u>	<u>766,955</u>
Current assets			
Stocks	15	2,764,856	3,186,715
Debtors: amounts falling due within one year	16	1,503,492	1,621,416
Cash at bank and in hand	17	532,869	1,671,204
		<u>4,801,217</u>	<u>6,479,335</u>
Creditors: amounts falling due within one year	18	(697,206)	(1,924,329)
Net current assets		<u>4,104,011</u>	<u>4,555,006</u>
Total assets less current liabilities		<u>4,869,828</u>	<u>5,321,961</u>
Creditors: amounts falling due after more than one year	19	(62,167)	(231,824)
Provisions for liabilities			
Deferred tax	23	-	(42,102)
Warranties	24	(471,972)	(443,539)
Net assets		<u><u>4,335,689</u></u>	<u><u>4,604,496</u></u>
Capital and reserves			
Called up share capital	25	200	200
Profit and loss account	26	4,335,489	4,604,296
		<u><u>4,335,689</u></u>	<u><u>4,604,496</u></u>

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


S Anderson
 Director

Date: 13/12/19

The notes on pages 11 to 30 form part of these financial statements.

ROCHFORD GARDEN MACHINERY LIMITED

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

	31 December 2018 £	31 July 2018 £
Cash flows from operating activities		
Loss for the financial period	(268,807)	(321,495)
Adjustments for:		
Amortisation of intangible assets	20,960	86,927
Depreciation of tangible assets	22,266	-
Impairments of fixed assets	121,749	295,259
Loss on disposal of tangible assets	-	52,612
Interest paid	3,238	23,816
Interest received	(2,526)	(2,694)
Taxation charge	(45,204)	(57,725)
Decrease/(increase) in stocks	328,543	(448,399)
Decrease in debtors	121,026	766,364
(Decrease) in creditors	(1,341,496)	(269,559)
Corporation tax received	-	104,441
Net cash generated from operating activities	(1,040,251)	229,547
Cash flows from investing activities		
Purchase of intangible fixed assets	(27,649)	(10,970)
Purchase of tangible fixed assets	(14,439)	(26,454)
Interest received	2,526	2,694
Net cash from investing activities	(39,562)	(34,730)
Cash flows from financing activities		
Repayment of loans	(53,763)	-
Repayment of/new finance leases	(2,751)	(38,995)
Interest paid	(2,008)	(21,940)
Net cash used in financing activities	(58,522)	(60,935)
Net (decrease)/increase in cash and cash equivalents	(1,138,335)	133,882
Cash and cash equivalents at beginning of period	1,671,204	1,537,322
Cash and cash equivalents at the end of period	532,869	1,671,204
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	532,869	1,671,204

ROCHFORD GARDEN MACHINERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

1. General information

Rochford Garden Machinery Limited is a private company, limited by shares, incorporated in England and Wales. The registered office address and registered number can be found on the Company Information page.

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 judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

ROCHFORD GARDEN MACHINERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

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 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings 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.

2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

ROCHFORD GARDEN MACHINERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.6 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.7 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings 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.

2.8 Borrowing costs

All borrowing costs are recognised in the Statement of Income and Retained Earnings in the period in which they are incurred.

2.9 Pensions

Defined contribution pension plan

The Company operates 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 Income and Retained Earnings 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.

ROCHFORD GARDEN MACHINERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, 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.

2.11 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Computer software	-	33 % reducing balance
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2.12 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.

ROCHFORD GARDEN MACHINERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as follows:

Depreciation is provided on the following basis:

Freehold property	-	2% straight line
Plant and machinery	-	15% reducing balance
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	33% 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 Statement of Income and Retained Earnings.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. 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 profit or loss.

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 Income and Retained Earnings 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.

ROCHFORD GARDEN MACHINERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.15 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Investments in listed shares are classified as basic financial instruments. They are initially measured at transaction price and subsequently measured at fair value, with changes in fair value being recognised in profit or loss. Fair value is determined using the quoted bid price at the balance sheet date.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

ROCHFORD GARDEN MACHINERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

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

Stock valuation

The measurement of the cost of inventories requires judgement in order to apply a consistent cost formula against all inventories. Management have used weighted average cost formula in measuring stock.

Key sources of estimation uncertainty

Bad debt provision

At year end trade debtors stood at £1,388,594 (31 July 2018: £1,439,854). A full line by line review of trade debtors is carried out at the end of each period. Whilst every attempt is made to ensure that the bad debt provision is as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectable.

Stock provision

The carrying amount of the stock provision at the period end was £1,179,581 (31 July 2018: £1,086,265). Provisions against stock are made according to the length of time it has been held in inventory. This represents management's best estimate to reduce the carrying amount of stock to its selling price less costs to complete and sell.

Warranty provision

The carrying amount of warrant provisions at the period end was £471,972 (31 July 2018: £443,539). Estimation is needed to provide for future claims against outstanding warranties. management's best estimate on the costs to be incurred is based on assumptions that reflect historical experience.

4. Turnover

An analysis of turnover by class of business is as follows:

	period ended 31 December 2018 £	period ended 31 July 2018 £
Sale of goods	2,903,895	7,629,707
	<u>2,903,895</u>	<u>7,629,707</u>

5. Other operating income

	period ended 31 December 2018 £	period ended 31 July 2018 £
Other operating income	3,149	22,592
	<u>3,149</u>	<u>22,592</u>

ROCHFORD GARDEN MACHINERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

6. Operating loss

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

	period ended 31 December 2018	<i>period ended 31 July 2018</i>
	£	£
Depreciation expense	22,266	47,308
Research & development charged as an expense	23,174	226,622
Amortisation expense	20,960	39,619
Foreign exchange differences	(14,657)	51,631
Other operating lease rentals	13,838	25,027
Loss on disposal of property, plant and machinery	-	52,612
Bad debts written off	306	217,289
	=====	=====

7. Auditors' remuneration

	period ended 31 December 2018	<i>period ended 31 July 2018</i>
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	30,000	31,875
	=====	=====

ROCHFORD GARDEN MACHINERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

8. Employees

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

	period ended 31 December 2018 £	<i>period ended 31 July 2018 £</i>
Wages and salaries	392,564	991,643
Social security costs	40,798	120,343
Cost of defined contribution scheme	6,716	14,879
	<u>440,078</u>	<u>1,126,865</u>

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

	Number	<i>Number</i>
Administration and support	5	7
Sales, marketing and distribution	30	29
	<u>35</u>	<u>36</u>

9. Directors' remuneration

	period ended 31 December 2018 £	<i>period ended 31 July 2018 £</i>
Directors' emoluments	41,052	489,353
Company contributions to defined contribution pension schemes	821	1,809
	<u>41,873</u>	<u>491,162</u>

During the period retirement benefits were accruing to 1 director (2018 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £41,052 (2018 - £349,310).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £821 (2018 - £1,314).

ROCHFORD GARDEN MACHINERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

10. Interest receivable

	period ended 31 December 2018 £	<i>period ended 31 July 2018 £</i>
Other interest receivable	2,526	2,694
	<u>2,526</u>	<u>2,694</u>

11. Interest payable and similar expenses

	period ended 31 December 2018 £	<i>period ended 31 July 2018 £</i>
Bank interest payable	1,359	2,028
Other loan interest payable	1,592	16,799
Finance leases and hire purchase contracts	287	4,989
	<u>3,238</u>	<u>23,816</u>

12. Taxation

	period ended 31 December 2018 £	<i>period ended 31 July 2018 £</i>
Corporation tax		
Current tax on profits for the year	-	(38,465)
Total current tax	<u>-</u>	<u>(38,465)</u>
Deferred tax		
Origination and reversal of timing differences	(45,204)	(19,260)
Taxation on loss on ordinary activities	<u>(45,204)</u>	<u>(57,725)</u>

ROCHFORD GARDEN MACHINERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

12. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	period ended 31 December 2018 £	period ended 31 July 2018 £
Loss on ordinary activities before tax	<u>(314,011)</u>	<u>(379,220)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(59,662)	(72,052)
Effects of:		
Fixed asset differences	819	9,126
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	566	53
Decrease from effect of tax incentives	-	(86,620)
Adjustments to tax charge in respect of prior periods	13,073	-
Deferred tax not recognised	-	92,048
Tax decrease from other short-term timing differences	-	(280)
Total tax credit for the period	<u><u>(45,204)</u></u>	<u><u>(57,725)</u></u>

ROCHFORD GARDEN MACHINERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

13. Intangible assets

	Computer software £
Cost	
At 1 August 2018	301,718
Additions	27,649
At 31 December 2018	<u>329,367</u>
Amortisation	
At 1 August 2018	160,394
Charge for the year	20,960
At 31 December 2018	<u>181,354</u>
Net book value	
At 31 December 2018	<u><u>148,013</u></u>
At 31 July 2018	<u><u>141,324</u></u>

ROCHFORD GARDEN MACHINERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

14. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 August 2018	517,524	261,965	71,011	64,771	915,271
Additions	-	5,050	-	9,389	14,439
At 31 December 2018	517,524	267,015	71,011	74,160	929,710
Depreciation					
At 1 August 2018	96,675	123,169	44,340	25,456	289,640
Charge for the period	4,313	8,929	2,778	6,246	22,266
At 31 December 2018	100,988	132,098	47,118	31,702	311,906
Net book value					
At 31 December 2018	416,536	134,917	23,893	42,458	617,804
At 31 July 2018	420,849	138,796	26,671	39,315	625,631

The net book value of land and buildings may be further analysed as follows:

	31 December 2018 £	31 July 2018 £
Freehold	416,536	420,848
	<u>416,536</u>	<u>420,848</u>

ROCHFORD GARDEN MACHINERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

15. Stocks

	31 December 2018 £	31 July 2018 £
Finished goods and goods for resale	2,764,856	3,186,715
	<u>2,764,856</u>	<u>3,186,715</u>

Included in the stock value above is an accumulated stock provision of £1,179,581 (31 July 2018: £1,086,265).

16. Debtors

	31 December 2018 £	31 July 2018 £
Trade debtors	1,388,594	1,439,854
Other debtors	20,743	17,000
Prepayments and accrued income	52,999	126,508
Tax recoverable	38,054	38,054
Deferred taxation	3,102	-
	<u>1,503,492</u>	<u>1,621,416</u>

17. Cash and cash equivalents

	31 December 2018 £	31 July 2018 £
Cash at bank and in hand	532,869	1,671,204
	<u>532,869</u>	<u>1,671,204</u>

ROCHFORD GARDEN MACHINERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

18. Creditors: Amounts falling due within one year

	31 December 2018 £	31 July 2018 £
Bank loans	194,285	79,076
Trade creditors	197,573	1,016,714
Other taxation and social security	128,962	261,284
Obligations under finance lease and hire purchase contracts	5,142	5,978
Other creditors	-	3,424
Accruals and deferred income	171,244	557,853
	<u>697,206</u>	<u>1,924,329</u>

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

	31 December 2018 £	31 July 2018 £
Bank loans	53,678	219,186
Net obligations under finance leases and hire purchase contracts	8,489	12,638
	<u>62,167</u>	<u>231,824</u>

Included in the loans and borrowings there is an amount of £Nil (31 July 2018: £25,445) due after more than five years.

ROCHFORD GARDEN MACHINERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

20. Loans

Analysis of the maturity of loans is given below:

	31 December 2018 £	31 July 2018 £
Amounts falling due within one year		
Bank loans	194,285	79,076
	194,285	79,076
Amounts falling due 1-2 years		
Bank loans	53,678	219,186
	53,678	219,186
	247,963	298,262

The bank loan is secured against the freehold property and a guarantee for £250,000 by Rochford Holdings Limited and supporting by a debenture by Rochford Holdings Limited. The original loan term is 15 years, payable by annual instalments. Interest is charged at 1% above the Bank of England base rate.

There is a mortgage debenture from 1993 with a fixed and floating charge against all assets of the Company.

The bank loan was fully repaid on the 5th June 2019.

21. Hire purchase and finance leases

Finance lease liabilities are secured on the plant and machinery and motor vehicles they are financing and are repayable in monthly instalments over a period of 3 or 5 years from the date they were advanced.

Minimum lease payments under hire purchase fall due as follows:

	31 December 2018 £	31 July 2018 £
Within one year	5,142	5,978
Between 1-5 years	8,489	12,638
	13,631	18,616

ROCHFORD GARDEN MACHINERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

22. Financial instruments

	31 December 2018 £	31 July 2018 £
Financial assets		
Financial assets measured at amortised cost	<u>1,409,337</u>	<u>1,456,904</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(630,411)</u>	<u>(1,894,869)</u>

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise loans and borrowings, trade creditors, other creditors (excluding taxation and social security) and accruals.

23. Deferred taxation

	2018 £	2018 £
At beginning of year	(42,102)	(61,362)
Credited to profit or loss	45,204	19,260
At end of year	<u>3,102</u>	<u>(42,102)</u>

The deferred taxation balance is made up as follows:

	31 December 2018 £	31 July 2018 £
Accelerated capital allowances	(58,825)	(66,480)
Tax losses carried forward	61,704	24,378
Short term timing differences	223	-
	<u>3,102</u>	<u>(42,102)</u>

ROCHFORD GARDEN MACHINERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

24. Provisions

	Warranties £
At 1 August 2018	443,539
Charged to the profit or loss	28,433
At 31 December 2018	471,972

25. Share capital

	31 December 2018 £	31 July 2018 £
Allotted, called up and fully paid		
100 (2018 - 100) Ordinary A shares of £1.00 each	100	100
100 (2018 - 100) Ordinary B shares of £1.00 each	100	100
	200	200

Ordinary A and B shares have full voting rights and rights to dividends.

26. Reserves

Profit and loss account

The profit and loss account contains all current and prior period retained profits and losses.

27. Pension commitments

The Company operates a defined contribution pension scheme. The pension cost charge represents contributions payable by the Company to the scheme and amounted to £6,716 (31 July 2018: £14,879).

Contributions totalling £20,193 (31 July 2018: £3,424 were payable to the fund and included in creditors) were receivable from the fund at the balance sheet date and are included in debtors.

ROCHFORD GARDEN MACHINERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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28. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	31 December 2018 £	31 July 2018 £
Not later than 1 year	277,069	285,417
Later than 1 year and not later than 5 years	1,283,500	1,038,795
Later than 5 years	513,400	871,250
	<u><u>2,073,969</u></u>	<u><u>2,195,462</u></u>

The amount of non-cancellable operating lease payments recognised as an expense during the period was £121,844 (31 July 2018: £195,027).

29. Related party transactions

During the year the directors had loan accounts with the Company. Interest of £Nil (31 July 2018: £16,799) has been charged to the Company. At the year end the loan balance due to the directors was £Nil (31 July 2018: £Nil).

Total key management compensation in the period was £63,491 (31 July 2018: £512,955).

Rochford Executive Pension Scheme

(E M Rochford is a member and trustee of the pension scheme)

The leasehold land and buildings from which the Company operates are 85% owned by Rochford Executive Pension Scheme. The Company paid rent during the period totalling £106,250 (31 July 2018: £170,142).

The Company has taken advantage of the exemption in FRS 102 Section 33 to not disclose transactions with wholly owned group entities.

30. Post balance sheet events

The business sold its 15% share in the asset Unit 3, Murray Way which is co-owned with the Rochford Pension Trust. The sale of this asset was completed on the 5th June 2019. This sale will give the business a significant cash injection that it can use to finance its operating activities.

The bank loan, as noted in note 20, was fully repaid on the 5th June 2019.

ROCHFORD GARDEN MACHINERY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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31. Controlling party

The Company's immediate parent and the smallest group which draws up consolidated financial statements is Rochford Holdings Limited, incorporated in England and Wales. These financial statements are available upon request from Companies House. Its registered office is Wincanton Business Park, Wincanton, Somerset, BA9 9RS.

The Company's ultimate parent company and the largest group which draws up consolidated financial statements is Primepulse SE, incorporated in Germany. Its registered office is Promenadeplatz 12, 80333 München, Germany.

The directors do not consider there to be an ultimate controlling party.