

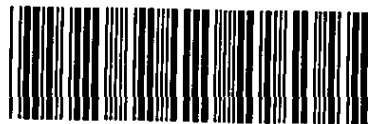
Shelbourne Reynolds Engineering Limited

Report and Financial Statements

Year Ended

30 September 2013

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Company Number 1055939

SHELBOURNE REYNOLDS ENGINEERING LIMITED

Annual report and financial statements for the year ended 30 September 2013

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Directors

Russian Shelbourne Limited
A V Kuznetsov
N Gorbunov
NM Smith
AE Budakov

Secretary and registered office

CJ Bloomfield
Shepherds Grove Industrial Estate, Stanton, Bury St Edmunds, Suffolk, IP31 2AR

Company number

1055939

Auditor

Baker Tilly UK Audit LLP
Abbotsgate House, Hollow Road, Bury St Edmunds, Suffolk, IP32 7FA

SHELBOURNE REYNOLDS ENGINEERING LIMITED

Report of the directors for the year ended 30 September 2013

The directors present their report together with the audited financial statements for the year ended 30 September 2013

Principal activities

The company's principal activity during the year continued to be the manufacture and sale of agricultural machinery and parts

The company operates from premises in Stanton, Suffolk and has a trading subsidiary, Shelbourne Reynolds, Inc which operates from premises in Colby, Kansas

Directors

The directors of the company during the year were as follows

Russian Shelbourne Limited
A V Kuznetsov
N Gorbunov
NM Smith
AE Budakov

Research and development

The company has a policy of continued development of its current products and also for the design and development of new products. These costs are charged to the profit and loss account and are disclosed in note 5

Land and buildings

The directors are of the opinion that the market value of the property is in excess of the net book value of £692,361 (2012 £713,513). However, this excess cannot be readily quantified in the absence of a professional valuation, the costs of which are not considered justifiable in view of the company's intention to retain ownership of its existing properties for use in its business for the foreseeable future

SHELBOURNE REYNOLDS ENGINEERING LIMITED

Report of the directors for the year ended 30 September 2013 (Continued)

Directors' responsibilities

The directors are responsible for preparing 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 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 the affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and 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.

Statement as to disclosure of information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Information in the Strategic Report

The Strategic Report includes a fair review of the development and performance of the business with a description of the principal risks and uncertainties that the Company faces.

On behalf of the Board



NM Smith
Director

Date: 18/04/2014.....

SHELBOURNE REYNOLDS ENGINEERING LIMITED

Strategic report for the year ended 30 September 2013

Business review

The company's main trading activity is the manufacture and sale of agricultural machinery and parts

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. Our review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties we face

We consider our key financial performance indicators are those that communicate the financial performance and strength, these being turnover, gross profit and net assets

The results show a pre-tax profit of £4,390,434 for the year and sales of £19,256,888

Future outlook

The world's population is steadily growing year on year and with that growth there is the continued demand for grain and other crops. Shelbourne Reynolds Engineering Limited has manufactured agricultural machinery since 1972 and understands the need to continually evolve its product range in order to meet the requirements of its customers and compete in a highly competitive market. Although the general sales trend will be upwards as the requirement for agricultural machinery increases with the expanding global population this will be tempered by the occasional reduction in demand caused by a global excess of certain commodities caused by exceptionally high yields in a number of significant production regions

Evolution of core products and demand from expanding markets will also contribute towards sales growth

Principal risks and uncertainties

We are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control but we will continue to be flexible enough to respond to market conditions and opportunities as they arise. The key risks affecting the group are fluctuations in agricultural market forces such as commodity prices and changing global weather patterns. The group is also at risk of currency fluctuations

The business environment we operate in is very competitive. The main factors that affect the company are price and product availability/quality. These result in pressure on margins and the risk that our customer's expectations will not be met. In order to mitigate this risk we monitor market prices on an on-going basis. We regularly carry out market research with our customers to better understand their anticipations and whether we believe these needs are being met

Manufacturing processes are also changing due to the continually extending lead times concerning specialist "bought out" components such as wheels, tyres, gearboxes and electronic items. A reduction in the number of suppliers and increased demand is extending lead times. To counteract this we have to carry larger stocks of components which ties up cash and storage space

Financial risk management and objectives and policies

The company uses various financial instruments which include bank balances, other loans, finance lease and hire purchase arrangements and various items such as trade debtors and trade creditors that arise directly from its operations

The main risks arising from the company's financial instruments are liquidity risk, interest rate risk, credit risk and currency risk

SHELBOURNE REYNOLDS ENGINEERING LIMITED

Strategic report for the year ended 30 September 2013 (*Continued*)

Liquidity risk

The company seeks to manage its financial risk by ensuring it maintains sufficient liquidity available to meet future needs and short term flexibility

Interest rate risk

The company finances its operations through a mixture of bank balances, bank borrowings and other loans. The business makes use of money market facilities when funds are available. Interest rate fluctuations on its bank borrowings are managed by the use of fixed interest rates and interest rates swaps on floating debt.

Credit risk

The company's principal financial assets are cash and trade debtors. Risks associated with cash are limited as the bank has high credit ratings assigned by international credit rating agencies.

The principal risk lies with trade debtors. This credit risk is managed by setting customer limits based on a combination of payment history and third party references. These limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The company also uses a leading credit insurance policy to insure against potential payment default.

Currency risk

The company is exposed to transaction foreign exchange risk. The currency risk is managed by forecasting cash flow for the currencies of US Dollar and Euro. Forward foreign exchange contracts are used to mitigate the impact of currency fluctuations.

Key performance indicators

The company monitors certain financial statistics in the course of running the business. These are

	2013	2012
	£	£
Turnover	19,256,888	16,855,077
Gross profit	8,074,883	6,523,533
Net assets	8,364,430	5,172,289

On behalf of the Board



NM Smith
Director

Date: 18/04/2014.....

SHELBOURNE REYNOLDS ENGINEERING LIMITED

Independent auditor's report to the member of Shelbourne Reynolds Engineering Limited

We have audited the financial statements on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member 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 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, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the APB's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

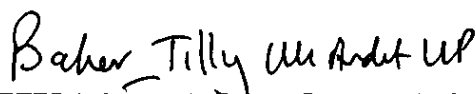
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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


PETER HOWARD (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA

8/5/14

SHELBOURNE REYNOLDS ENGINEERING LIMITED**Profit and loss account for the year ended 30 September 2013**

	Note	2013 £	2012 £
Turnover	2	19,256,888	16,855,077
Cost of sales		(11,182,005)	(10,331,544)
Gross profit		8,074,883	6,523,533
Administrative expenses		(3,620,932)	(4,485,285)
Operating profit	5	4,453,951	2,038,248
Profit on sale of fixed assets		9,901	102,563
Profit on ordinary activities before interest		4,463,852	2,140,811
Interest payable and similar charges	6	(75,266)	(73,989)
Investment income	7	1,848	277,280
Profit on ordinary activities before taxation		4,390,434	2,344,102
Taxation on profit on ordinary activities	8	(998,293)	(554,303)
Profit on ordinary activities after taxation	18	3,392,141	1,789,799

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 10 to 20 form part of these financial statements

SHELBOURNE REYNOLDS ENGINEERING LIMITED

Note of historical cost profit and losses for the year ended 30 September 2013

	2013	2012
	£	£
Note of historical cost profit and losses		
Reported profit on ordinary activities before taxation	4,390,434	2,344,102
Difference between an historical cost depreciation charge and the actual depreciation charge of the period calculated on the revalued amount	1,972	1,972
Historical cost profit on ordinary activities before taxation	4,392,406	2,346,074
Historical cost profit for the year after taxation and dividends	3,194,113	691,771

The notes on pages 10 to 20 form part of these financial statements

SHELBOURNE REYNOLDS ENGINEERING LIMITED

Balance sheet at 30 September 2013

Company Number 1055939

	Note	2013	2012
		£	£
Fixed assets			
Tangible assets	10	1,894,880	1,664,518
Investments	11	16,258	16,258
		<u>1,911,138</u>	<u>1,680,776</u>
Current assets			
Stocks	12	3,512,163	3,736,735
Debtors	13	2,613,971	2,298,518
Cash at bank and in hand		3,634,104	676,154
		<u>9,760,238</u>	<u>6,711,407</u>
Creditors: amounts falling due within one year	14	<u>(2,410,589)</u>	<u>(2,395,602)</u>
Net current assets		<u>7,349,649</u>	<u>4,315,805</u>
Total assets less current liabilities		<u>9,260,787</u>	<u>5,996,581</u>
Creditors: amounts falling due after more than one year	15	(743,053)	(668,269)
Provisions for liabilities	16	(153,304)	(156,023)
Net assets		<u>8,364,430</u>	<u>5,172,289</u>
Capital and reserves			
Called up share capital	17	298,278	298,278
Share premium account	18	470,235	470,235
Revaluation reserve	18	68,064	70,036
Profit and loss account	18	7,527,853	4,333,740
Shareholder's funds	19	<u>8,364,430</u>	<u>5,172,289</u>

The financial statements were approved by the Board and authorised for issue on 18/04/2014 and are signed on its behalf by



NM Smith
Director

The notes on pages 10 to 20 form part of these financial statements

SHELBOURNE REYNOLDS ENGINEERING LIMITED

Notes forming part of the financial statements for the year ended 30 September 2013

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and are in accordance with applicable UK accounting standards. The following principal accounting policies have been applied:

Group accounts

The accounts present information about the company as an individual undertaking and not about its group, as the company has taken advantage of the exemption provided by section 400 of the Companies Act 2006 not to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Russian Shelbourne Limited, a company incorporated in the United Kingdom.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover represents amounts received or receivable during the year for goods and services provided in the ordinary nature of the business, exclusive of value added tax. Turnover is recognised upon the despatch of goods.

Cash flow

The Directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group and consolidated financial statements are publicly available.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation.

Revaluation of properties

On adoption of FRS 15, the company followed the transitional provisions to retain the book value of land and buildings which were revalued in 1990, but not to adopt a policy of revaluation of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, except freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Freehold buildings	-	over 40 years
Plant and machinery	-	over 5 to 8 years
Computers and tooling	-	over 3 years
Motor vehicles and office equipment	-	over 3 to 5 years

SHELBOURNE REYNOLDS ENGINEERING LIMITED

Notes forming part of the financial statements for the year ended 30 September 2013 (*Continued*)

1 Accounting policies (*Continued*)

Investments

Investments are carried at cost less any permanent diminution in value

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of production related fixed and variable overheads. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange applicable at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Assets, liabilities, and results of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Exchange differences arising are dealt with through reserves.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxation profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on the sale has been recognised in the financial statements.

Leasing and hire purchase agreements

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases or hire purchase contracts), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum payments payable during the term. The corresponding commitments are shown as amounts payable. Depreciation on the relevant assets is charged to the profit and loss account.

Payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the agreement and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable.

Annual rentals under operating leases are charged to the profit and loss account as incurred.

SHELBOURNE REYNOLDS ENGINEERING LIMITED

Notes forming part of the financial statements for the year ended 30 September 2013 (Continued)

1 Accounting policies (Continued)

Research and development

Expenditure on research and development is written off in the year in which it is incurred

Warranty provisions

Provision is made for liabilities arising in respect of specific warranty claims

Financial instruments

Interest rate swaps are used to hedge the company's exposure to movements on interest rates. The interest payable or receivable on such swaps is accrued in the same way as interest arising on borrowings.

Transactions and monetary assets and liabilities in overseas companies which are covered by forward exchange rate contracts are converted at the contract rate.

2 Turnover

Turnover is wholly attributable to the principal activity of the company.

A geographical analysis of turnover has not been disclosed as, in the opinion of the directors, it would be seriously prejudicial to the company's interests.

3 Employees

	2013 £	2012 £
Staff costs (including directors) consist of		
Wages and salaries	4,394,323	4,960,160
Social security costs	320,382	303,855
	<u>4,714,705</u>	<u>5,264,015</u>

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

	2013 Number	2012 Number
Office and management	36	38
Manufacturing	78	74
	<u>114</u>	<u>112</u>

4 Directors

	2013 £	2012 £
Directors' emoluments consist of		
Wages and salaries	<u>1,351,314</u>	<u>1,933,277</u>
Emoluments of highest paid director		
Total emoluments (excluding pension contributions)	<u>588,354</u>	<u>886,211</u>

SHELBOURNE REYNOLDS ENGINEERING LIMITED

Notes forming part of the financial statements for the year ended 30 September 2013 *(Continued)*

5 Operating profit

	2013 £	2012 £
This has been arrived at after charging/(crediting)		
Depreciation of assets held under finance lease and hire purchase contracts	47,626	40,000
Depreciation of owned tangible fixed assets	174,800	165,684
Foreign exchange profit	(232,247)	(126,759)
Operating lease rentals - land and buildings	25,200	6,200
Operating lease rentals - other	44,256	29,639
Research and development costs	45,909	45,085
Auditors remuneration - statutory audit	19,500	19,500
- other services relating to taxation	3,500	3,200

6 Interest payable and similar charges

	2013 £	2012 £
Bank loans and overdraft	61,994	63,680
Finance leases and hire purchase contracts	8,106	7,876
Other interest	5,166	2,433
	<u>75,266</u>	<u>73,989</u>

7 Investment income

	2013 £	2012 £
Bank interest	1,848	612
Income from shares in group undertakings	-	276,668
	<u>1,848</u>	<u>277,280</u>

SHELBOURNE REYNOLDS ENGINEERING LIMITED

Notes forming part of the financial statements for the year ended 30 September 2013 (Continued)

8 Taxation

	2013 £	2012 £
UK corporation tax		
- current year	1,017,342	499,728
- payment of group relief	4,129	6,701
- adjustments in respect of prior periods	(39,145)	27,886
	<u>982,326</u>	<u>534,315</u>
Deferred tax		
Origination and reversal of timing differences	29,496	26,342
Adjustments in respect of prior periods	(1,951)	(756)
Effect of decreased tax rate on opening liability	(11,578)	(5,598)
	<u>998,293</u>	<u>554,303</u>

The tax assessed for the period is different from that calculated at the standard rate of corporation tax in the UK. The differences are explained below

	2013 £	2012 £
Profit on ordinary activities before tax	<u>4,390,434</u>	<u>2,344,102</u>
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 23.50% (2012: 25.00%)	1,031,751	586,026
Effects of		
Expenses not allowed for tax purposes	19,405	10,794
Fixed asset timing differences	4,970	(23,723)
Group income	-	(69,167)
Adjustments in respect of prior periods	(39,145)	27,886
Other short term timing differences	(34,655)	2,499
	<u>982,326</u>	<u>534,315</u>
Current tax charge for the year		

9 Dividends

	2013 £	2012 £
Interim - £0.67 per share (2012: £3.69)	<u>200,000</u>	<u>1,100,000</u>

SHELBOURNE REYNOLDS ENGINEERING LIMITED

Notes forming part of the financial statements for the year ended 30 September 2013 (*Continued*)

10 Tangible assets

	Freehold land and buildings £	Motor vehicles £	Plant and machinery £	Office equipment £	Total £
<i>Cost or valuation</i>					
At 1 October 2012	1,149,383	91,307	2,524,733	412,098	4,177,521
Additions	-	-	436,457	17,863	454,320
Disposals	-	(37,179)	(355,242)	(52,599)	(445,020)
At 30 September 2013	1,149,383	54,128	2,605,948	377,362	4,186,821
<i>Depreciation</i>					
At 1 October 2012	435,870	70,967	1,669,935	336,231	2,513,003
Charge for the year	21,152	6,896	161,523	32,855	222,426
Disposals	-	(37,179)	(353,710)	(52,599)	(443,488)
At 30 September 2013	457,022	40,684	1,477,748	316,487	2,291,941
<i>Net book value</i>					
At 30 September 2013	692,361	13,444	1,128,200	60,875	1,894,880
At 30 September 2012	713,513	20,340	854,798	75,867	1,664,518

Freehold land and buildings are stated at	2013	2012
	£	£
Open market value – 1990	900,000	900,000
Cost of additions since 1990	249,383	249,383
	1,149,383	1,149,383

The historical cost net book value of freehold land and buildings is

	2013	2012
	£	£
Cost	1,033,405	1,033,405
Accumulated depreciation based on historical cost	(409,108)	(389,928)
Historical cost net book value	624,297	643,477

Freehold land and buildings includes land at a valuation of £303,320 (2012 £303,320) which is not depreciated by the company

The company has previously taken advantage of the transitional arrangements contained in FRS 15 with regard to revalued fixed assets. Accordingly, the freehold land and buildings valuation has not been updated. The last valuation of freehold land and buildings took place in 1990.

At 30 September 2013, no corporation tax would arise if the freehold properties were sold for the revalued amount shown in the financial statements. It is not the intention of the company to dispose of the related assets in the foreseeable future.

The net book value of tangible fixed assets includes an amount of £514,719 (2012 £196,667) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge for the year was £47,626 (2012 £40,000).

SHELBOURNE REYNOLDS ENGINEERING LIMITED

Notes forming part of the financial statements for the year ended 30 September 2013 (Continued)

11 Investments

	Subsidiary undertaking £
<i>Cost</i>	
At 1 October 2012 and 30 September 2013	<u>33,025</u>
<i>Provision for impairment</i>	
At 1 October 2012 and 30 September 2013	<u>16,767</u>
<i>Net book value</i>	
At 1 October 2012 and 30 September 2013	<u>16,258</u>

Shelbourne Reynolds Engineering Limited owns 100% of the 25,000 common \$1 stock of Shelbourne Reynolds, Inc, a company registered in the United States of America, in the state of Kansas Its principal activity during the year was the distribution and servicing of Shelbourne Reynolds Engineering Limited products in the USA

In addition, Shelbourne Reynolds Engineering Limited owns 100% of the 25,000 €1 stock of Shelbourne Europe GmbH, a company registered in Germany The company is dormant

The aggregate amount of capital and reserves of Shelbourne Reynolds, Inc as at 30 September 2013 was \$1,208,452 (2012 \$852,535) The profit for the year was \$569,097 (2012 \$511,020) The aggregate amount of capital and reserves of Shelbourne Europe GmbH was €nil, with no profit or loss for both 2013 and 2012

12 Stocks

	2013 £	2012 £
Raw materials and consumables	336,303	229,376
Work in progress	2,252,135	2,648,967
Goods held for resale	923,725	858,392
	<u>3,512,163</u>	<u>3,736,735</u>

There was no material difference between the replacement cost of stocks and the amounts stated above

13 Debtors

	2013 £	2012 £
Trade debtors	2,366,818	1,594,436
Other debtors	78,353	62,053
Amounts owed by group undertakings	51,878	538,736
Prepayments and accrued income	116,922	103,293
	<u>2,613,971</u>	<u>2,298,518</u>

SHELBOURNE REYNOLDS ENGINEERING LIMITED

Notes forming part of the financial statements for the year ended 30 September 2013 (Continued)

14 Creditors: amounts falling due within one year

	2013 £	2012 £
Bank mortgage (secured)	88,401	88,404
Obligations under finance leases and hire purchase contracts (secured)	96,751	64,000
Amounts due to group undertakings	93,722	225,903
Trade creditors	1,426,940	1,568,013
Corporation tax	417,342	249,728
Other taxes and social security costs	101,518	77,210
Other creditors	761	25,644
Accruals	185,154	96,700
	2,410,589	2,395,602

The bank mortgage is secured by a debenture together with a fixed charge over the company's freehold land and buildings. The bank mortgage is repayable in monthly instalments and attracts interest at a floating rate of 1.6% above Barclays Bank plc base rate. A mortgage of £800,000 was fixed by an interest rate swap, see note 22.

Obligations under finance leases and hire purchase contracts are secured by related assets and bear finance charges between 2.77% and 2.80% per annum.

15 Creditors: amounts falling due after more than one year

	2013 £	2012 £
Bank mortgage (secured – see note 14)	566,855	662,621
Obligations under hire purchase contracts (secured – see note 14)	176,198	5,648
	743,053	668,269
	2013 £	2012 £
Due in one to two years		
Bank mortgage	88,402	88,402
Obligations under hire purchase contracts	69,648	5,648
Due in two to five years		
Bank mortgage	265,206	265,206
Obligations under hire purchase contracts	105,869	-
Due after five years		
Bank mortgage	213,928	309,013
	743,053	668,269

SHELBOURNE REYNOLDS ENGINEERING LIMITED

Notes forming part of the financial statements for the year ended 30 September 2013 (*Continued*)

16 Provisions for liabilities

	Deferred taxation £	Other £	Total £
<i>Deferred taxation</i>			
At 1 October 2012	90,715	65,308	156,023
Profit and loss account transfer	15,967	(18,686)	(2,719)
At 30 September 2013	106,682	46,622	153,304

The deferred taxation liability is made up as follows

	Provided	
	2013 £	2012 £
Accelerated capital allowances	108,862	93,015
Short term timing differences	(2,000)	(2,300)
	106,682	90,715

17 Called up share capital

	Allotted, called up and fully paid	
	2013 £	2012 £
Ordinary shares of £1 each	298,278	298,278

18 Reserves

	Share premium £	Revaluation reserve £	Profit and loss account £
At 1 October 2012	470,235	70,036	4,333,740
Profit for the year	-	-	3,392,141
Dividends paid	-	-	(200,000)
Depreciation transfer	-	(1,972)	1,972
At 30 September 2013	470,235	68,064	7,527,853

SHELBOURNE REYNOLDS ENGINEERING LIMITED

Notes forming part of the financial statements for the year ended 30 September 2013 *(Continued)*

19 Reconciliation of movements in shareholder's funds

	2013 £	2012 £
Profit for the year	3,392,141	1,789,799
Dividends paid	(200,000)	(1,100,000)
	<u>3,192,141</u>	<u>689,799</u>
Opening shareholder's funds	5,172,289	4,482,490
Closing shareholder's funds	<u>8,364,430</u>	<u>5,172,289</u>

20 Related party transactions and controlling interest

Transactions with related companies

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, not to disclose any transaction with fellow 100% members of the Russian Shelbourne Limited group

Immediate and ultimate parent company

The immediate parent company is Russian Shelbourne Limited, a company incorporated in England and Wales. The Ultimate parent company is Inter Agro Tech Limited, a company incorporated in the British Virgin Islands.

Controlling party

The ultimate controlling party is Victor Baturin by virtue of his majority shareholding in the ultimate parent company, Inter Agro Tech Limited.

21 Commitments under operating leases

As at 30 September 2013, the company had annual commitments under non-cancellable operating leases, none of which relates to land & buildings, as set out below

	2013 £	2012 £
Operating leases which expire		
Land and buildings		
Within one year	21,000	-
Other		
Within one year	5,060	5,356
In two to five years	34,407	13,787
	<u>60,467</u>	<u>19,143</u>

SHELBOURNE REYNOLDS ENGINEERING LIMITED

Notes forming part of the financial statements for the year ended 30 September 2013 (Continued)

22 Financial Instruments

The company has entered into an interest rate swap in order to minimise the risk of the movement in the bank base rate. The fixed rate swap agreement was entered into on 25 July 2008 for a period of 10 years on a notional amount of £800,000. The fixed rate swap is at 5.34% and expires on 25 July 2018. At 30 September 2013 the swap had a value of £132,592 (2012: £185,253) owed to Barclays Bank plc.

The company has entered into forward currency contracts to manage currency expenses that arise on sales and purchases as follows:

At the year end, the company was contracted to sell \$2,000,000 (US dollars) (2012: \$1,550,000) for £1,290,370 (2012: £1,001,138) at the contract rates. The forward contracts mature at various dates between October 2013 and January 2014. At 30 September 2013 the forward currency contracts had a value of £1,239,004 (2012: £960,566).

23 Capital commitments

As at 30 September 2013 the company had capital commitments as follows:

	2013	2012
	£	£
Contracted for but not provided in the financial statements	560,135	-