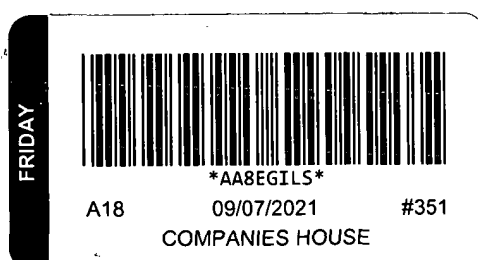


Registered number  
01696152

J.G. Paxton and Sons Limited  
Report and Financial Statements  
31 December 2020



**PAXTONS**  
*Sowing farmers since 1853*

**J.G. Paxton and Sons Limited**  
**Report and accounts**  
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**J.G. Paxton and Sons Limited**  
**Company Information**

**Directors**

William John Paxton  
Christine Patricia Paxton  
Peter Joseph Tallentire  
William Robert Paxton

**Secretary**

John William Paxton

**Auditors**

Counting North  
Salvus House  
Aykley Heads  
Durham City  
Durham  
DH1 5TS

**Bankers**

Barclays Bank plc  
6 Market Place  
Durham City  
Durham City  
DH1 3NB

**Registered office**

Abbey Road  
Pity Me  
Durham City  
Durham  
DH1 5DQ

**Registered number**

01696152

## J.G. Paxton and Sons Limited Strategic Report

The directors present their report and financial statements for the year ended 31 December 2020.

### Principal activities

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

### Review of the business

2020 will be remembered as a difficult year for many with the impact of the COVID-19 pandemic on the worldwide economy. However, despite the pandemic, 2020 saw increased demand from customers with the result that the company has seen improved financial results.

The company's key financial performance indicators for the year were:

	2020 £	2019 £	Movement £
Turnover\	26,306,790	24,375,989	1,930,801
Operating profit	477,807	44,802	433,005
Profit/(loss) after taxation	273,372	(126,279)	399,651
Shareholders funds	5,156,770	4,883,398	273,372

Given the straightforward nature of the business, the company's directors are of the opinion that any further analysis of the KPI's is not necessary for an understanding of the development, performance and position of the business.

### Principal risks and uncertainties

The company's directors consider that the business and the company's strategy are subject to a number of risks. The key risks which have been identified include:

The impact of Brexit and the difficulties this has placed on the importation and pricing of machinery and how this and future trade deals will impact on the UK agricultural sector.

How the single farm payment scheme, which is a large proportion of income for many farmers, will continue to work so that investment in machinery can be undertaken by the company's customers.

The UK agricultural sector can be significantly impacted by the weather which in turn impacts on businesses supporting that sector.

The company's directors are confident that the business will continue to adapt to changing business circumstances.

### Financial instrument risk

#### **Price risk, credit risk, liquidity risk and cash flow risk**

The business' principal financial instruments comprise bank balances, bank overdrafts, trade debtors, trade creditors. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest.

**J.G. Paxton and Sons Limited**  
**Strategic Report**

***Price risk, credit risk, liquidity risk and cash flow risk (continued)***

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

**Future developments**

The directors are always considering ways in which the business can be expanded either through acquisition or by organic growth. Given the current economic climate the directors do not anticipate that there will be any significant change to the way the company operates in the near future.

This report was approved by the board on 7 July 2021 and signed by its order.



William John Paxton  
Secretary

**J.G. Paxton and Sons Limited****Registered number:** 01696152**Directors' Report**

The directors present their report and financial statements for the year ended 31 December 2020.

**Financial instrument risk**

The details of the financial instrument risks are provided in the Strategic Report.

**Dividends**

The directors do not propose that a dividend be distributed.

**Directors**

The following persons served as directors during the year:

William John Paxton  
Christine Patricia Paxton  
Peter Joseph Tallentire  
William Robert Paxton

(Appointed 18 May 2020)

**Directors' responsibilities**

The directors are responsible for preparing the report and 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 (Financial Reporting Standard 102 and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 and then apply them consistently;
- make judgements and 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 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.

**Auditor**

Counting North were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

**J.G. Paxton and Sons Limited**

**Registered number:** 01696152

**Directors' Report**

**Disclosure of information to auditors**

Each person who was a director at the time this report was approved confirms that:

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

This report was approved by the board on 7 July 2021 and signed by its order.



William John Paxton  
Secretary

**J.G. Paxton and Sons Limited**  
**Independent auditor's report**  
**to the members of J.G. Paxton and Sons Limited**

**Opinion**

We have audited the financial statements of J.G. Paxton and Sons Limited (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including 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 the 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.



**J.G. Paxton and Sons Limited**  
**Independent auditor's report**  
**to the members of J.G. Paxton and Sons Limited**

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

***Identifying and assessing potential risks related to irregularities***

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations we considered the following:

- the nature of the industry and sector, control environment and business performance.
- management's own assessment of the risks that irregularities may occur either as result of fraud or error.
- results of our enquiries of management about their own identification and assessment of the risks of irregularities.
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the company for fraud.

In common with all audits under ISA's (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that:

- have a direct effect on the determination of material amounts and disclosures in the financial statements.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

**J.G. Paxton and Sons Limited**  
**Independent auditor's report**  
**to the members of J.G. Paxton and Sons Limited**

***Audit response to risks identified***

As a result of performing the above procedures, we identified the key matters related to the potential risk of fraud. Our procedures to respond to the risks identified included the following:

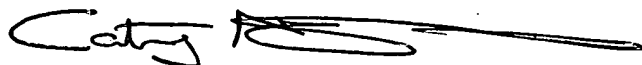
- reviewing the financial statements disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements.
- enquiring of management concerning actual and potential litigation and claims.
- performing substantive procedures to verify the validity of transactions included in the financial statements.
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments, assessing whether judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://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.



Gerald Henderson FCA FCCA  
(Senior Statutory Auditor)  
for and on behalf of  
Counting North  
Statutory Auditor  
7 July 2021

Salvus House  
Aykley Heads  
Durham City  
Durham  
DH1 5TS

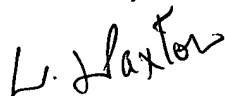
**J.G. Paxton and Sons Limited**  
**Income Statement**  
**for the year ended 31 December 2020**

	Notes	2020 £	2019 £
Turnover	3	26,306,790	24,375,989
Cost of sales		(23,912,269)	(22,383,980)
<b>Gross profit</b>		<u>2,394,521</u>	<u>1,992,009</u>
Administrative expenses		(2,045,733)	(1,952,849)
Other operating income		129,019	5,642
<b>Operating profit</b>	4	<u>477,807</u>	<u>44,802</u>
(Loss)/profit on sale of fixed assets		(27)	1,096
Interest receivable		386	-
Interest payable	7	(142,705)	(188,264)
<b>Profit/(loss) on ordinary activities before taxation</b>		<u>335,461</u>	<u>(142,366)</u>
Tax on profit/(loss) on ordinary activities	8	(62,089)	16,087
<b>Profit/(loss) for the financial year</b>		<u>273,372</u>	<u>(126,279)</u>

**J.G. Paxton and Sons Limited**  
**Statement of Financial Position**  
**as at 31 December 2020**

	Notes	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	9	-	59,561
Tangible assets	10	<u>3,656,959</u>	<u>3,717,683</u>
		3,656,959	3,777,244
<b>Current assets</b>			
Stocks	11	6,246,164	7,019,033
Debtors	12	2,179,980	1,476,398
Cash at bank and in hand		<u>1,550</u>	<u>1,550</u>
		8,427,694	8,496,981
<b>Creditors: amounts falling due within one year</b>	13	(6,264,655)	(6,569,362)
<b>Net current assets</b>		<u>2,163,039</u>	<u>1,927,619</u>
<b>Total assets less current liabilities</b>		<u>5,819,998</u>	<u>5,704,863</u>
<b>Creditors: amounts falling due after more than one year</b>	14	(585,560)	(715,483)
<b>Provisions for liabilities</b>			
Deferred taxation	17	(77,668)	(105,982)
<b>Net assets</b>		<u>5,156,770</u>	<u>4,883,398</u>
<b>Capital and reserves</b>			
Called up share capital	18	100,000	100,000
Share premium	19	5,316	5,316
Profit and loss account	20	5,051,454	4,778,082
<b>Total equity</b>		<u>5,156,770</u>	<u>4,883,398</u>

The financial statements were approved by the board of directors on 7 July 2021 and were signed on its behalf by:



William John Paxton  
Director



Christine Patricia Paxton  
Director



Peter Joseph Tallentire  
Director



William Robert Paxton  
Director

**J.G. Paxton and Sons Limited**  
**Statement of Changes in Equity**  
**for the year ended 31 December 2020**

	Share capital	Share premium	Profit and loss account	Total
	£	£	£	£
<b>At 1 January 2019</b>	100,000	5,316	4,904,361	5,009,677
Loss for the financial year			(126,279)	(126,279)
<b>At 31 December 2019</b>	<u>100,000</u>	<u>5,316</u>	<u>4,778,082</u>	<u>4,883,398</u>
<b>At 1 January 2020</b>	100,000	5,316	4,778,082	4,883,398
Profit for the financial year			273,372	273,372
<b>At 31 December 2020</b>	<u>100,000</u>	<u>5,316</u>	<u>5,051,454</u>	<u>5,156,770</u>

**J.G. Paxton and Sons Limited**  
**Statement of Cash Flows**  
**for the year ended 31 December 2020**

	Notes	2020 £	2019 £
<b>Operating activities</b>			
Profit/(loss) for the financial year		273,372	(126,279)
Adjustments for:			
Loss/(profit) on sale of fixed assets		27	(1,096)
Interest receivable		(386)	-
Interest payable		142,705	188,264
Tax on profit/(loss) on ordinary activities		62,089	(16,087)
Depreciation		222,546	194,268
Amortisation of goodwill		59,561	3,126
Decrease/(increase) in stocks		772,869	(653,697)
(Increase)/decrease in debtors		(703,582)	888,662
Decrease in creditors		(64,220)	(76,103)
		<u>764,981</u>	<u>401,058</u>
Interest received		386	-
Interest paid		(139,062)	(185,954)
Interest element of finance lease payments		(3,643)	(2,310)
Corporation tax paid		-	(47,338)
Cash generated by operating activities		<u>622,662</u>	<u>165,456</u>
<b>Investing activities</b>			
Payments to acquire tangible fixed assets		(204,070)	(127,326)
Proceeds from sale of tangible fixed assets		42,221	14,211
Cash used in investing activities		<u>(161,849)</u>	<u>(113,115)</u>
<b>Financing activities</b>			
Proceeds from new loans		-	70,000
Repayment of loans		(74,441)	(69,447)
Capital element of finance lease payments		(72,152)	(160,282)
Cash used in financing activities		<u>(146,593)</u>	<u>(159,729)</u>
<b>Net cash generated/(used)</b>			
Cash generated by operating activities		622,662	165,456
Cash used in investing activities		(161,849)	(113,115)
Cash used in financing activities		(146,593)	(159,729)
Net cash generated/(used)		<u>314,220</u>	<u>(107,388)</u>
Cash and cash equivalents at 1 January		<u>(1,016,289)</u>	<u>(908,901)</u>
Cash and cash equivalents at 31 December		<u>(702,069)</u>	<u>(1,016,289)</u>
Cash and cash equivalents comprise:			
Cash at bank		1,550	1,550
Bank overdrafts	13	<u>(703,619)</u>	<u>(1,017,839)</u>
		<u>(702,069)</u>	<u>(1,016,289)</u>

**J.G. Paxton and Sons Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2020**

**1 Summary of significant accounting policies**

***Statutory information***

J.G. Paxton and Sons Limited is a private company limited by shares incorporated in England, registration number 01696152. The registered office is Abbey Road, Pity Me, Durham City, Durham, DH1 5DQ.

***Statement of compliance***

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102") and the requirements of the Companies Act 2006.

***Basis of preparation***

The financial statements are prepared on a going concern basis under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts are rounded to the nearest £.

The principal accounting policies are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

***Going Concern***

In assessing going concern the directors have considered the impact of COVID-19 on the UK and world economies and how this impacts on the company and its operations.

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, which is at least, but not limited to, twelve months from the date the financial statements are approved.

On this basis they continue to adopt the going concern basis of accounting in preparing the financial statements.

***Turnover***

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

***Government grants***

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants are recognised based on the performance model. Under the performance model grants are recognised as income where no specified performance-related conditions are imposed on the recipient. Grants that do impose specified future performance-related conditions on a recipient are recognised as income only when the performance-related conditions are met.

**J.G. Paxton and Sons Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2020**

***Intangible fixed assets***

Intangible fixed assets are measured at cost less accumulative amortisation and any accumulative impairment losses. the economic life of the goodwill is considered to be 10 years.

***Tangible fixed assets***

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold land and buildings	over 50 years
Leasehold land and buildings	the shorter of the lease term or 50 years
Plant and machinery	10% to 20% on reducing balance basis
Fixtures, fittings, tools and equipment	10% to 25% on reducing balance basis
Motor vehicles	25% on reducing balance basis

***Inventories***

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first in first out method. The carrying amount of stock sold is recognised as an expense in the period in which the related revenue is recognised.

At the end of each reporting period stocks are assessed for impairment. If an item of stock is impaired the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the value of the original impairment loss, and recognised as a credit in the profit and loss account.

***Debtors***

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

***Creditors***

Short term creditors are measured at transaction price (which is usually the invoice price).

Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.



**J.G. Paxton and Sons Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2020**

***Taxation***

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

***Provisions***

Provisions (ie liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

***Foreign currency translation***

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

***Leased assets***

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

***Pensions***

Contributions to defined contribution plans are expensed in the period to which they relate.

**J.G. Paxton and Sons Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2020**

**2 Critical accounting estimates and judgements**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

***Carrying value of property, plant and equipment***

The carrying value of property, plant and equipment as at 31 December 2020 was £3,656,959. Additions in the year totalled £204,070 and the depreciation charge was £222,546. Estimated useful economic lives of property, plant and equipment are based on management's judgements and experience. When management identifies that actual useful lives differ materially from the estimates used to calculate depreciation, that charge is adjusted. Due to the significance of capital investment, variations between actual and estimated useful lives could impact operating results both positively and negatively. Asset values are reviewed annually and historically changes to remaining estimates of useful lives have not been material.

***Carrying value of stock***

The carrying value of stocks at at 31 December 2020 was £6,246,164. In determining the value of stock management consider the age and estimated realisable value of the stock. When management identifies that the estimated realisable value of a particular stock line is materially lower than the book value of the stock then the value of the stock is reduced accordingly.

**3 Analysis of turnover**

	2020 £	2019 £
Sale of goods	24,681,150	22,373,410
Services rendered	<u>1,625,640</u>	<u>2,002,579</u>
	<u>26,306,790</u>	<u>24,375,989</u>
By geographical market:		
UK	26,137,072	24,233,709
Europe	169,718	141,618
Rest of world	<u>-</u>	<u>662</u>
	<u>26,306,790</u>	<u>24,375,989</u>

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<b>4 Operating profit</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
This is stated after charging:		
Depreciation of owned fixed assets	182,199	147,011
Depreciation of assets held under finance leases and hire purchase contracts	40,347	47,256
Amortisation of goodwill	59,561	3,126
Operating lease rentals - land and buildings	52,000	52,000
Auditors' remuneration for audit services	13,000	12,680
Auditors' remuneration for other services	3,000	-
Key management personnel compensation (including directors' emoluments)	<u>253,519</u>	<u>191,387</u>
<b>5 Directors' emoluments</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Emoluments	186,007	140,147
Company contributions to defined contribution pension plans	<u>67,512</u>	<u>51,240</u>
	<u>253,519</u>	<u>191,387</u>
<b>Number of directors to whom retirement benefits accrued:</b>	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Defined contribution plans	<u>3</u>	<u>3</u>
<b>6 Staff costs</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,163,469	2,055,068
Social security costs	218,787	204,041
Other pension costs	<u>165,507</u>	<u>143,939</u>
	<u>2,547,763</u>	<u>2,403,048</u>
<b>Average number of employees during the year</b>	<b>Number</b>	<b>Number</b>
Office and management	7	7
Sales, fitters and wagon driver	47	48
Stores	<u>12</u>	<u>12</u>
	<u>66</u>	<u>67</u>

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<b>7 Interest payable</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	44,062	67,250
Stocking loans	95,000	118,704
Finance charges payable under finance leases and hire purchase contracts	3,643	2,310
	<u>142,705</u>	<u>188,264</u>

<b>8 Taxation</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Analysis of charge in period</b>		
Current tax:		
UK corporation tax on profits of the period	90,403	(47,338)
Deferred tax:		
Origination and reversal of timing differences	(28,314)	31,251
	<u>62,089</u>	<u>(16,087)</u>
Tax on profit/(loss) on ordinary activities		

**Factors affecting tax charge for period**

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Profit/(loss) on ordinary activities before tax	<u>335,461</u>	<u>(142,366)</u>
Standard rate of corporation tax in the UK	19%	19%
	<b>£</b>	<b>£</b>
Profit on ordinary activities multiplied by the standard rate of corporation tax	63,738	(27,050)
Effects of:		
Expenses not deductible for tax purposes	1,979	1,847
Income not taxable in determining taxable profit	(6,954)	(533)
Capital allowances for period in excess of depreciation	35,139	(25,101)
Utilisation of tax losses	(3,499)	3,499
	<u>90,403</u>	<u>(47,338)</u>
Current tax charge for period		
Deferred tax	<u>(28,314)</u>	<u>31,251</u>
Total tax charge for period	<u>62,089</u>	<u>(16,087)</u>

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<b>9 Intangible fixed assets</b>	<b>£</b>
Goodwill:	
<b>Cost</b>	
At 1 January 2020	86,495
At 31 December 2020	<u>86,495</u>
<b>Amortisation</b>	
At 1 January 2020	26,934
Provided during the year	59,561
At 31 December 2020	<u>86,495</u>
<b>Carrying amount</b>	
At 31 December 2020	<u>-</u>
At 31 December 2019	<u>59,561</u>

Following an assessment by management of the useful economic life of the goodwill, which arose on a business acquisition in 2012, the balance of the goodwill value has been amortised in full.

**10 Tangible fixed assets**

	<b>Land and buildings</b>	<b>Plant and machinery (including motor vehicles)</b>	<b>Fixtures, fittings, tools and equipment</b>	<b>Total</b>
	<i>At cost</i>	<i>At cost</i>	<i>At cost</i>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost or valuation</b>				
At 1 January 2020	3,540,829	1,436,335	309,074	5,286,238
Additions	1,060	162,011	40,999	204,070
Disposals	-	(190,709)	(15,758)	(206,467)
At 31 December 2020	<u>3,541,889</u>	<u>1,407,637</u>	<u>334,315</u>	<u>5,283,841</u>
<b>Depreciation</b>				
At 1 January 2020	540,417	793,838	234,300	1,568,555
Charge for the year	39,831	166,423	16,292	222,546
On disposals	-	(153,979)	(10,240)	(164,219)
At 31 December 2020	<u>580,248</u>	<u>806,282</u>	<u>240,352</u>	<u>1,626,882</u>
<b>Carrying amount</b>				
At 31 December 2020	<u>2,961,641</u>	<u>601,355</u>	<u>93,963</u>	<u>3,656,959</u>
At 31 December 2019	<u>3,000,412</u>	<u>642,497</u>	<u>74,774</u>	<u>3,717,683</u>

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The individual components of land and buildings are:

	<b>Freehold land and buildings At cost £</b>	<b>Long leasehold land and buildings At cost £</b>	<b>Short leasehold land and buildings At cost £</b>	<b>Total £</b>
<b>Cost or valuation</b>				
At 1 January 2020	2,843,371	697,458	-	3,540,829
Additions	-	1,060	-	1,060
At 31 December 2020	<u>2,843,371</u>	<u>698,518</u>	<u>-</u>	<u>3,541,889</u>
<b>Depreciation</b>				
At 1 January 2020	369,139	171,278	-	540,417
Charge for the year	29,535	10,296	-	39,831
At 31 December 2020	<u>398,674</u>	<u>181,574</u>	<u>-</u>	<u>580,248</u>
<b>Carrying amount</b>				
At 31 December 2020	<u>2,444,697</u>	<u>516,944</u>	<u>-</u>	<u>2,961,641</u>
At 31 December 2019	<u>2,474,232</u>	<u>526,180</u>	<u>-</u>	<u>3,000,412</u>

	<b>2020 £</b>	<b>2019 £</b>
Carrying value of plant and machinery included above held under finance leases and hire purchase contracts	<u>121,043</u>	<u>263,169</u>

<b>11 Stocks</b>	<b>2020 £</b>	<b>2019 £</b>
Finished goods and goods for resale	<u>6,246,164</u>	<u>7,019,033</u>

<b>12 Debtors</b>	<b>2020 £</b>	<b>2019 £</b>
Trade debtors	1,823,447	1,325,463
Other debtors	93,655	72,256
Prepayments and accrued income	262,878	78,679
	<u>2,179,980</u>	<u>1,476,398</u>

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<b>13 Creditors: amounts falling due within one year</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank overdrafts	703,619	1,017,839
Bank loans	74,440	61,979
Obligations under finance lease and hire purchase contracts	20,679	49,810
Trade creditors	5,042,411	5,135,016
Corporation tax	90,403	-
Other taxes and social security costs	52,304	45,113
Other creditors	196,805	130,048
Accruals and deferred income	83,994	129,557
	<u>6,264,655</u>	<u>6,569,362</u>

<b>14 Creditors: amounts falling due after one year</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank loans	487,337	574,239
Obligations under finance lease and hire purchase contracts	98,223	141,244
	<u>585,560</u>	<u>715,483</u>

<b>15 Loans</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Loans not wholly repayable within five years:		
Bank loan	<u>561,777</u>	<u>636,218</u>
Analysis of maturity of debt:		
Within one year or on demand	74,440	61,979
Between one and two years	77,080	64,619
Between two and five years	177,548	202,471
After five years	232,709	307,149
	<u>561,777</u>	<u>636,218</u>

The bank overdraft and the bank loan is secured by way of a charge over the company's freehold and leasehold land and buildings, a standard debenture charge and a personal guarantee from the directors William John Paxton and Christine Patricia Paxton.

The bank overdraft is utilised to meet day to day working capital requirements and is repayable on demand. The bank loan is subject to interest at 3.5% over base rate and is due to expire in May 2027.

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<b>16 Obligations under finance leases and hire purchase contracts</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Amounts payable:		
Within one year	20,679	49,810
Within two to five years	98,223	141,244
	<u>118,902</u>	<u>191,054</u>

Finance lease and hire purchase creditors are secured on the assets to which they relate.

<b>17 Deferred taxation</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	77,668	109,481
Tax losses carried forward	-	(3,499)
	<u>77,668</u>	<u>105,982</u>

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
At 1 January	105,982	74,731
(Credited)/charged to the profit and loss account	(28,314)	31,251
At 31 December	<u>77,668</u>	<u>105,982</u>

<b>18 Share capital</b>	<b>Nominal value</b>	<b>2020 Number</b>	<b>2020</b>	<b>2019</b>
			<b>£</b>	<b>£</b>
Allotted, called up and fully paid:				
Ordinary shares	£1 each	100,000	<u>100,000</u>	<u>100,000</u>

<b>19 Share premium</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
At 1 January	5,316	5,316
At 31 December	<u>5,316</u>	<u>5,316</u>

<b>20 Profit and loss account</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
At 1 January	4,778,082	4,904,361
Profit/(loss) for the financial year	273,372	(126,279)
At 31 December	<u>5,051,454</u>	<u>4,778,082</u>



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<b>21 Defined contribution pension plan</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>

The company operates a defined contribution pension scheme for all qualifying employees and contributions are expensed in the period to which they relate.

Contributions charged to the profit and loss account	165,507	143,939
Contributions outstanding at the year end	<u>12,641</u>	<u>3,422</u>

<b>22 Government grants</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>

The company benefited from a number of grants during the year as follows:

Covid-19 business support and job retention scheme grants	88,377	-
Capital grants	36,601	2,803
Other grants	<u>2,800</u>	<u>-</u>

**23 Other financial commitments**

Total future minimum lease payments under non-cancellable operating leases:

	<b>Land and buildings 2020 £</b>	<b>Land and buildings 2019 £</b>	<b>Other 2020 £</b>	<b>Other 2019 £</b>
Falling due:				
within one year	7,000	12,000	-	-
in over five years	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
	<u>207,000</u>	<u>212,000</u>	<u>-</u>	<u>-</u>

<b>24 Related party transactions</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>

During the year the company had transactions with the following related parties.

**Transactions with key management personnel**

Amounts owed to directors	45,375	100,375
Personal guarantees given by directors on behalf of company	<u>200,000</u>	<u>200,000</u>

**Entities with significant influence**

Expenses charged by related parties	<u>40,000</u>	<u>40,000</u>
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**25 Controlling party**

In the opinion of the directors the ultimate controlling party is the director William John Paxton.