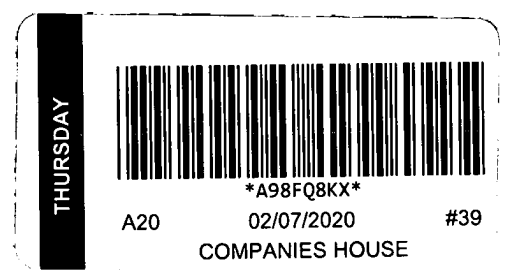


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**REA VALLEY TRACTORS LIMITED**  
**Company Registration No. 01813871 (England and Wales)**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**



# REA VALLEY TRACTORS LIMITED

## COMPANY INFORMATION

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|                          |   |  |
|--------------------------|---|--|
| <b>Directors</b>         | Mr S Clarke<br>Mr S Potter<br>Mr S J Petford<br>Mr N J Worthington<br>Mr G A Logan            | (Appointed 1 November 2018)<br>(Appointed 1 November 2018) |
| <b>Secretary</b>         | Mr S Potter   |  |
| <b>Company number</b>    | 01813871  |  |
| <b>Registered office</b> | Old Hall<br>Dunstall<br>Burton on Trent<br>Staffordshire<br>DE13 8BE                          |  |
| <b>Auditor</b>           | Dyke Yaxley Limited<br>1 Brassey Road<br>Old Potts Way<br>Shrewsbury<br>Shropshire<br>SY3 7FA |  |

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# REA VALLEY TRACTORS LIMITED

## CONTENTS

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|                                       | <b>Page</b> |
|---------------------------------------|-------------|
| Strategic report                      | 1 - 2       |
| Directors' report                     | 3 - 4       |
| Directors' responsibilities statement | 5           |
| Independent auditor's report          | 6 - 8       |
| Profit and loss account               | 9           |
| Statement of comprehensive income     | 10          |
| Balance sheet                         | 11          |
| Statement of changes in equity        | 12          |
| Statement of cash flows               | 13          |
| Notes to the financial statements     | 14 - 24     |

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# REA VALLEY TRACTORS LIMITED

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2019

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The directors present the strategic report for the year ended 31 October 2019.

### Results and performance

Rea Valley Tractors Limited is principally engaged in the sale, servicing and repair of agricultural machinery through Mid Wales, Shropshire, Derbyshire and Staffordshire.

### Results and performance

The results of the business are set out in the profit and loss account on page 9, these show a profit on ordinary activities before tax of £807k (2018: £631k).

The performance of the Rea Valley Tractors during 2019 reflects the challenging and uncertain market conditions that the agricultural industry is facing. The business has continued to build upon the strong underlying platform created in previous years as it continues to grow.

During the financial period the business has continued to invest in products, people and service offerings in order to continue to provide a high level of customer service and satisfaction whilst at the same time de-risking itself from market fluctuations that are outside the control of the business.

The business is well placed to continue to grow profitably, maintain reasonable margins and develop both its product and servicing offerings to new and existing customers.

The Directors have taken full consideration of the impact on the business of COVID-19. Based upon the level of support available by the Group stakeholders and the co-operation of its employees the Directors are confident that the impact of the virus will not inhibit the Group to continue to trade on similar terms to those in place with its customers and suppliers before the shutdown was announced by the UK Government on 23 March 2020.

### Key performance indicators ('KPIs')

The board monitors the progress of the company with regard to a number of KPI's, a selection of these are detailed below –

|           | <u>2019</u> | <u>2018</u> |
|-----------|-------------|-------------|
| Turnover  | £94,222,138 | £84,704,408 |
| EBIT      | £1,577,301  | £1,157,161  |
| PBT       | £807,107    | £630,879    |
| Headcount | 134         | 110         |

### Non-financial key performance indicators

The health, safety and welfare of employees is seen as a key priority to the directors and the business continues to invest in this area. All incidents throughout the Group are reviewed by board.

In addition to the above, environmental matters are monitored, reviewed and improvement actions implemented by the Groups management teams in order to improve its environmental credentials

Employees of Rea Valley Tractors Limited are at the centre of our continued success and development, the group has a strategic aim of becoming an employer of choice. To this end during the year the business has embarked on a variety of HR initiatives including employee surveys, on-line employee system and the establishment of HR functions throughout its trading entities.

# REA VALLEY TRACTORS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

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### Principal risks and uncertainties

Rea Valley Tractors continues to be an important part of the agricultural community in Mid Wales, Shropshire, Derbyshire and Staffordshire and, following the acquisition of The Amvar Group of companies in April 2019 along with Lift West in 2018, it is a key part of the materials handling and facilities service sectors in the Midlands and South West of the country. In order to ensure that both Rea Valley Tractors and the Group's position within these markets is not compromised there is a clear risk management strategy that enables and supports both the business and the Group to identify and manage risks.

### Financial Risk

Financial risk is monitored on a continual basis by the business in order to ensure that its short, medium and long term objectives are being met. This risk management includes the preparation of profit, balance sheet and cash flow forecasts and the monitoring of these against actual performance at depot level.

The monitoring of these key financial statements is paramount as the business enters into a period of rapid expansion, growth and development.

### Economic and Market Risks

The agricultural industry continues to face challenging and uncertain market conditions which is further compounded by uncertainty relating to the wider economic factors associated with the UK's decision to leave the European Union. Impact relating to subsidies and commodity prices are closely monitored by the board of directors.

### Credit Risk

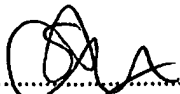
Management have credit policies in place to manage risk and monitor exposure to risk on an ongoing basis, the majority of policies are based on past experience and the business believes that its financial assets are of good credit quality.

Less than 10% of the Businesses trade consists of exports, given that virtually all sales are denominated in sterling and the business does not carry out any hedging activities this area of risk is perceived to be minimal.

A key area of credit risk for the business relates to exposure with customers, to manage this risk all outstanding debts are reviewed on a monthly basis by senior managers.

To conclude the directors believe that there are no perceived areas of risk or uncertainty that will have a significant impact upon the profitability or liquidity of Rea Valley Tractors which have not been addressed.

On behalf of the board



Mr S J Petford

Director 24/6/2020

# REA VALLEY TRACTORS LIMITED

## DIRECTORS' REPORT

*FOR THE YEAR ENDED 31 OCTOBER 2019*

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The directors present their annual report and financial statements for the year ended 31 October 2019.

### **Principal activities**

The principal activity of the company continued to be that of the sale, servicing, hire and repair of agricultural machinery and accessories.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr S Clarke

Mr S Potter

Mr S J Petford

Mr N J Worthington

(Appointed 1 November 2018)

Mr G A Logan

(Appointed 1 November 2018)

### **Results and dividends**

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### **Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

### **Directors' Insurance**

Indemnity insurance for the benefit of the directors was in place during the year and as at the date of approval of the financial statements.

### **Post reporting date events**

The Directors have taken full consideration of the impact on the business of COVID-19. Based upon the level of support available by the Group stakeholders and the co-operation of its employees the Directors are confident that the impact of the virus will not inhibit the Group to continue to trade on similar terms to those in place with its customers and suppliers before the shutdown was announced by the UK Government on 23 March 2020.

### **Auditor**

The auditor, Dyke Yaxley Limited, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of disclosure to auditor**

So far as the directors are aware, there is no relevant audit information of which the company's auditor are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

### **Disclosure in the Strategic Report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of review of business, principal risks and uncertainties and future developments.

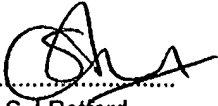
**REA VALLEY TRACTORS LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 OCTOBER 2019**

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On behalf of the board



.....  
Mr S J Petford  
Director

Date: 24/6/2020  
.....

# **REA VALLEY TRACTORS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 OCTOBER 2019***

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 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 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.

# REA VALLEY TRACTORS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF REA VALLEY TRACTORS LIMITED

---

#### Opinion

We have audited the financial statements of Rea Valley Tractors Limited (the 'company') for the year ended 31 October 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and 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 October 2019 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.

#### 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.

#### Other information

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

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

We have nothing to report in this regard.

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

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

# REA VALLEY TRACTORS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF REA VALLEY TRACTORS LIMITED

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#### **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 and 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, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# REA VALLEY TRACTORS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

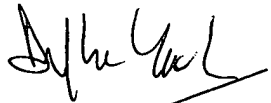
### TO THE MEMBER OF REA VALLEY TRACTORS LIMITED

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#### Use of our report

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 to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member for our audit work, for this report, or for the opinions we have formed.

**Andrew Young (Senior Statutory Auditor)**  
for and on behalf of Dyke Yaxley Limited

  
29 June 2020

**Chartered Accountants**  
**Statutory Auditor**

1 Brassey Road  
Old Potts Way  
Shrewsbury  
Shropshire  
SY3 7FA

# REA VALLEY TRACTORS LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2019

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|                                       | Notes | 2019<br>£         | 2018<br>£         |
|---------------------------------------|-------|-------------------|-------------------|
| Turnover                              | 3     | 94,222,138        | 84,704,408        |
| Cost of sales                         |       | (82,715,392)      | (74,698,764)      |
| <b>Gross profit</b>                   |       | <b>11,506,746</b> | <b>10,005,644</b> |
| Distribution costs                    |       | (6,189,703)       | (5,461,169)       |
| Administrative expenses               |       | (3,739,662)       | (3,387,314)       |
| <b>Operating profit</b>               | 4     | <b>1,577,381</b>  | <b>1,157,161</b>  |
| Interest payable and similar expenses | 6     | (770,274)         | (526,282)         |
| <b>Profit before taxation</b>         |       | <b>807,107</b>    | <b>630,879</b>    |
| Tax on profit                         | 7     | (214,254)         | (132,018)         |
| <b>Profit for the financial year</b>  |       | <b>592,853</b>    | <b>498,861</b>    |

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From 1 November 2018, the trade relating to commercial vehicle sales was transferred to a fellow subsidiary.

**REA VALLEY TRACTORS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 OCTOBER 2019**

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|  | 2019<br>£      | 2018<br>£      |
|--|----------------|----------------|
| Profit for the year                            | 592,853        | 498,861        |
| Other comprehensive income                     | -              | -              |
| <b>Total comprehensive income for the year</b> | <u>592,853</u> | <u>498,861</u> |


# REA VALLEY TRACTORS LIMITED

## BALANCE SHEET

AS AT 31 OCTOBER 2019

|  | Notes | 2019                |                   | 2018                |                   |
|--|-------|---------------------|-------------------|---------------------|-------------------|
|  |       | £                   | £                 | £                   | £                 |
| <b>Fixed assets</b>  |       |                     |                   |                     |                   |
| Tangible assets  | 8     |                     | 9,206,761         |                     | 8,752,107         |
| <b>Current assets</b>  |       |                     |                   |                     |                   |
| Stocks   | 9     | 20,584,486          |                   | 17,973,669          |                   |
| Debtors  | 10    | 13,830,923          |                   | 12,497,230          |                   |
| Cash at bank and in hand                                       |       | 1,005,190           |                   | 988,770             |                   |
|  |       | <u>35,420,599</u>   |                   | <u>31,459,669</u>   |                   |
| <b>Creditors: amounts falling due within one year</b>          | 11    | <u>(31,936,830)</u> |                   | <u>(28,166,182)</u> |                   |
| <b>Net current assets</b>                                      |       |                     | <u>3,483,769</u>  |                     | <u>3,293,487</u>  |
| <b>Total assets less current liabilities</b>                   |       |                     | <u>12,690,530</u> |                     | <u>12,045,594</u> |
| <b>Creditors: amounts falling due after more than one year</b> | 12    |                     | (1,221,040)       |                     | (1,324,149)       |
| <b>Provisions for liabilities</b>                              | 14    |                     | (871,454)         |                     | (716,262)         |
| <b>Net assets</b>  |       |                     | <u>10,598,036</u> |                     | <u>10,005,183</u> |
| <b>Capital and reserves</b>                                    |       |                     |                   |                     |                   |
| Called up share capital  | 17    |                     | 3,000             |                     | 3,000             |
| Profit and loss reserves                                       |       |                     | 10,595,036        |                     | 10,002,183        |
| <b>Total equity</b>  |       |                     | <u>10,598,036</u> |                     | <u>10,005,183</u> |

The financial statements were approved by the board of directors and authorised for issue on 24/6/2020 and are signed on its behalf by:

  
.....  
Mr S J Petford  
Director

Company Registration No. 01813871

# REA VALLEY TRACTORS LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2019

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|  | Share<br>capital | Profit and<br>loss<br>reserves | Total      |
|--|------------------|--------------------------------|------------|
|  | £                | £                              | £          |
| Balance at 1 November 2017                         | 3,000            | 9,503,322                      | 9,506,322  |
| Year ended 31 October 2018:                        |                  |                                |            |
| Profit and total comprehensive income for the year | -                | 498,861                        | 498,861    |
| Balance at 31 October 2018                         | 3,000            | 10,002,183                     | 10,005,183 |
| Year ended 31 October 2019:                        |                  |                                |            |
| Profit and total comprehensive income for the year | -                | 592,853                        | 592,853    |
| Balance at 31 October 2019                         | 3,000            | 10,595,036                     | 10,598,036 |

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# REA VALLEY TRACTORS LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2019

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|   |       | 2019               |                  | 2018               |                |
|---|-------|--------------------|------------------|--------------------|----------------|
|   | Notes | £                  | £                | £                  | £              |
| <b>Cash flows from operating activities</b>                   |       |                    |                  |                    |                |
| Cash generated from operations                                | 21    | 2,526,732          |                  | 3,437,679          |                |
| Interest paid   |       | (770,274)          |                  | (526,282)          |                |
| Income taxes paid   |       | (111,382)          |                  | (249,733)          |                |
|   |       | <u>1,645,076</u>   |                  | <u>2,661,664</u>   |                |
| <b>Investing activities</b>                                   |       |                    |                  |                    |                |
| Purchase of tangible fixed assets                             |       | (932,479)          |                  | (7,178,219)        |                |
| Proceeds on disposal of tangible fixed assets                 |       | 4,784,589          |                  | 4,267,820          |                |
|   |       | <u>3,852,110</u>   |                  | <u>(2,910,399)</u> |                |
| <b>Financing activities</b>                                   |       |                    |                  |                    |                |
| Payment of finance leases obligations                         |       | (5,480,766)        |                  | 596,278            |                |
|   |       | <u>(5,480,766)</u> |                  | <u>596,278</u>     |                |
| <b>Net cash (used in)/generated from financing activities</b> |       |                    |                  |                    |                |
|   |       |                    |                  |                    |                |
| <b>Net increase in cash and cash equivalents</b>              |       |                    | 16,420           |                    | 347,543        |
| Cash and cash equivalents at beginning of year                |       |                    | 988,770          |                    | 641,227        |
|   |       |                    | <u>1,005,190</u> |                    | <u>988,770</u> |
| <b>Cash and cash equivalents at end of year</b>               |       |                    | <u>1,005,190</u> |                    | <u>988,770</u> |

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# REA VALLEY TRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

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### 1 Accounting policies

#### Company information

Rea Valley Tractors Limited is a private company limited by shares incorporated in England and Wales. The registered office is Old Hall, Dunstall, Burton on Trent, Staffordshire, DE13 8BE.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

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

The Directors have taken full consideration of the impact on the business of COVID-19. Based upon the level of support available by the Group stakeholders and the co-operation of its employees the Directors are confident that the impact of the virus will not inhibit the Group to continue to trade on similar terms to those in place with its customers and suppliers before the shutdown was announced by the UK Government on 23 March 2020.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                                 |                              |
|---------------------------------|------------------------------|
| Improv'ts to leasehold premises | over the term of lease       |
| Plant and machinery             | 15% - 25% reducing balance   |
| Fixtures, fittings & equipment  | 15% - 25% reducing balance   |
| Motor vehicles and hire fleet   | 12.5% - 25% reducing balance |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# REA VALLEY TRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

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### 1 Accounting policies (Continued)

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.6 Stocks

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

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

# REA VALLEY TRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

### 1 Accounting policies (Continued)

#### 1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

#### 1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

### 2 Judgements and key sources of estimation uncertainty

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

|  | 2019              | 2018              |
|--|-------------------|-------------------|
|  | £                 | £                 |
| <b>Turnover analysed by class of business</b>                  |                   |                   |
| All turnover is derived from the principal activity undertaken | 94,222,138        | 84,704,408        |
|  | <u>94,222,138</u> | <u>84,704,408</u> |
|  |                   |                   |
|  | 2019              | 2018              |
|  | £                 | £                 |
| <b>Turnover analysed by geographical market</b>                |                   |                   |
| United Kingdom   | 88,032,462        | 81,079,679        |
| Rest of EU   | 4,079,597         | 3,381,729         |
| Rest of world  | 2,110,079         | 243,000           |
|  | <u>94,222,138</u> | <u>84,704,408</u> |

# REA VALLEY TRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

### 4 Operating profit

|   | 2019                        | 2018                        |
|---|-----------------------------|-----------------------------|
|   | £                           | £                           |
| Operating profit for the year is stated after charging/(crediting):                       |                             |                             |
| Fees payable to the company's auditor for the audit of the company's financial statements | 13,500                      | 13,500                      |
| Depreciation of owned tangible fixed assets   | 818,466                     | 695,394                     |
| Depreciation of tangible fixed assets held under finance leases                           | 642,102                     | 610,255                     |
| Profit on disposal of tangible fixed assets   | (91,948)                    | (81,521)                    |
| Cost of stocks recognised as an expense   | 82,715,392                  | 74,698,764                  |
| Operating lease charges   | 335,643                     | 316,042                     |
|   | <u>                    </u> | <u>                    </u> |

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

|                     | 2019                        | 2018                        |
|---------------------|-----------------------------|-----------------------------|
|                     | Number                      | Number                      |
| Administration      | 9                           | 8                           |
| Sales and servicing | 125                         | 102                         |
|                     | <u>                    </u> | <u>                    </u> |
|                     | 134                         | 110                         |
|                     | <u>                    </u> | <u>                    </u> |

Their aggregate remuneration comprised:

|                    | 2019                        | 2018                        |
|--------------------|-----------------------------|-----------------------------|
|                    | £                           | £                           |
| Wages and salaries | 5,260,967                   | 4,634,811                   |
| Pension costs      | 93,911                      | 49,978                      |
|                    | <u>                    </u> | <u>                    </u> |
|                    | 5,354,878                   | 4,684,789                   |
|                    | <u>                    </u> | <u>                    </u> |

### 6 Interest payable and similar expenses

|  | 2019                        | 2018                        |
|--|-----------------------------|-----------------------------|
|  | £                           | £                           |
| <b>Interest on financial liabilities measured at amortised cost:</b> |                             |                             |
| Interest on bank overdrafts and loans                                | 717,036                     | 439,755                     |
| <b>Other finance costs:</b>  |                             |                             |
| Interest on finance leases and hire purchase contracts               | 53,238                      | 86,527                      |
|  | <u>                    </u> | <u>                    </u> |
|  | 770,274                     | 526,282                     |
|  | <u>                    </u> | <u>                    </u> |

# REA VALLEY TRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

### 7 Taxation

|  | 2019<br>£      | 2018<br>£      |
|--|----------------|----------------|
| <b>Current tax</b>                                   |                |                |
| UK corporation tax on profits for the current period | 59,062         | 93,400         |
| <b>Deferred tax</b>                                  |                |                |
| Origination and reversal of timing differences       | 155,192        | 38,618         |
| <b>Total tax charge</b>                              | <u>214,254</u> | <u>132,018</u> |

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

|  | 2019<br>£      | 2018<br>£      |
|--|----------------|----------------|
| Profit before taxation   | <u>807,107</u> | <u>630,879</u> |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) | 153,350        | 119,867        |
| Tax effect of expenses that are not deductible in determining taxable profit                         | 398            | 1,299          |
| Group relief   | -              | (20,098)       |
| Difference between capital allowances and depreciation   | (94,686)       | (7,699)        |
| Other tax adjustments  | -              | 31             |
| Deferred tax movement for year   | 155,192        | 38,618         |
| <b>Taxation charge for the year</b>  | <u>214,254</u> | <u>132,018</u> |

# REA VALLEY TRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

### 8 Tangible fixed assets

|                                    | Improv'nts to<br>leasehold<br>premises | Plant and<br>machinery | Fixtures,<br>fittings &<br>equipment | Motor<br>vehicles and<br>hire fleet | Total       |
|------------------------------------|--|------------------------|--------------------------------------|-------------------------------------|-------------|
|                                    | £                                      | £                      | £                                    | £                                   | £           |
| <b>Cost</b>                        |  |                        |                                      |                                     |             |
| At 1 November 2018                 | 551,403                                | 205,473                | 108,922                              | 9,732,203                           | 10,598,001  |
| Additions                          | 122,212                                | 47,664                 | 41,590                               | 6,396,397                           | 6,607,863   |
| Disposals                          | -                                      | (2,705)                | -                                    | (5,707,114)                         | (5,709,819) |
| At 31 October 2019                 | 673,615                                | 250,432                | 150,512                              | 10,421,486                          | 11,496,045  |
| <b>Depreciation and impairment</b> |  |                        |                                      |                                     |             |
| At 1 November 2018                 | 255,532                                | 96,441                 | 42,108                               | 1,451,813                           | 1,845,894   |
| Depreciation charged in the year   | 78,259                                 | 31,956                 | 29,819                               | 1,320,534                           | 1,460,568   |
| Eliminated in respect of disposals | -                                      | (2,009)                | -                                    | (1,015,169)                         | (1,017,178) |
| At 31 October 2019                 | 333,791                                | 126,388                | 71,927                               | 1,757,178                           | 2,289,284   |
| <b>Carrying amount</b>             |  |                        |                                      |                                     |             |
| At 31 October 2019                 | 339,824                                | 124,044                | 78,585                               | 8,664,308                           | 9,206,761   |
| At 31 October 2018                 | 295,871                                | 109,032                | 66,814                               | 8,280,390                           | 8,752,107   |

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

|                               | 2019      | 2018      |
|-------------------------------|-----------|-----------|
|                               | £         | £         |
| Motor vehicles and hire fleet | 6,472,787 | 6,050,596 |
| Leasehold improvements        | -         | 27,347    |
|                               | 6,472,787 | 6,077,943 |

### 9 Stocks

|                                     | 2019       | 2018       |
|-------------------------------------|------------|------------|
|                                     | £          | £          |
| Raw materials and consumables       | 2,595,049  | 2,387,945  |
| Finished goods and goods for resale | 17,989,437 | 15,585,724 |
|                                     | 20,584,486 | 17,973,669 |

# REA VALLEY TRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

### 10 Debtors

|                                      | 2019              | 2018              |
|--------------------------------------|-------------------|-------------------|
| Amounts falling due within one year: | £                 | £                 |
| Trade debtors                        | 4,702,110         | 5,579,924         |
| Corporation tax recoverable          | 18,920            | -                 |
| Amounts owed by group undertakings   | 4,709,263         | 3,626,175         |
| Other debtors                        | 3,537,618         | 2,633,486         |
| Prepayments and accrued income       | 863,012           | 657,645           |
|                                      | <u>13,830,923</u> | <u>12,497,230</u> |

### 11 Creditors: amounts falling due within one year

|                                    | Notes | 2019              | 2018              |
|------------------------------------|-------|-------------------|-------------------|
|                                    |       | £                 | £                 |
| Obligations under finance leases   | 13    | 4,051,149         | 3,753,422         |
| Trade creditors                    |       | 11,286,951        | 12,714,358        |
| Corporation tax                    |       | -                 | 33,400            |
| Other taxation and social security |       | 1,403,717         | 1,002,368         |
| Other creditors                    |       | 14,347,271        | 10,169,538        |
| Accruals and deferred income       |       | 847,742           | 493,096           |
|                                    |       | <u>31,936,830</u> | <u>28,166,182</u> |

As security for any overdraft the bank hold a debenture, incorporating a fixed and floating charge over the assets of the company.

Included within other creditors are stocking loans of £13,723,978 (2018 £9,032,235) on used equipment traded against new machines and new and used hire fleet assets, the loans are secured on the equipment traded in.

Net obligations under finance leases and hire purchase contracts are secured against the assets to which the leases relate.

The bank holds a cross guarantee between the company, Amvar Handling Solutions Limited, Amvar Storage & Workplace Solutions Limited, Lift West Limited and Dunstall Holdings Limited.

### 12 Creditors: amounts falling due after more than one year

|                                  | Notes | 2019             | 2018             |
|----------------------------------|-------|------------------|------------------|
|                                  |       | £                | £                |
| Obligations under finance leases | 13    | <u>1,221,040</u> | <u>1,324,149</u> |

# REA VALLEY TRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

### 13 Finance lease obligations

|   | 2019             | 2018             |
|---|------------------|------------------|
|   | £                | £                |
| Future minimum lease payments due under finance leases: |                  |                  |
| Within one year   | 4,051,149        | 3,753,422        |
| In two to five years                                    | 1,221,040        | 1,324,149        |
|   | <u>5,272,189</u> | <u>5,077,571</u> |

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 14 months. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 14 Provisions for liabilities

|                          | Notes | 2019           | 2018           |
|--------------------------|-------|----------------|----------------|
|                          |       | £              | £              |
| Deferred tax liabilities | 15    | <u>871,454</u> | <u>716,262</u> |

### 15 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

|                                | Liabilities<br>2019 | Liabilities<br>2018 |
|--------------------------------|---------------------|---------------------|
|                                | £                   | £                   |
| <b>Balances:</b>               |                     |                     |
| Accelerated capital allowances | <u>871,454</u>      | <u>716,262</u>      |
| <b>Movements in the year:</b>  |                     | 2019                |
|                                |                     | £                   |
| Liability at 1 November 2018   |                     | 716,262             |
| Charge to profit or loss       |                     | 155,192             |
| Liability at 31 October 2019   |                     | <u>871,454</u>      |

The deferred tax liability set out above relates to accelerated capital allowances that are expected to mature within the same period.

# REA VALLEY TRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

### 16 Retirement benefit schemes

|   | 2019   | 2018   |
|---|--------|--------|
|   | £      | £      |
| Defined contribution schemes  |        |        |
| Charge to profit or loss in respect of defined contribution schemes | 93,911 | 49,978 |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end, the amount of pension contributions due but not paid amounted to £12,029 (2018: £11,103).

### 17 Share capital

|                                  | 2019  | 2018  |
|----------------------------------|-------|-------|
|                                  | £     | £     |
| Ordinary share capital           |       |       |
| Issued and fully paid            |       |       |
| 3,000 Ordinary shares of £1 each | 3,000 | 3,000 |

The ordinary shares have full voting rights, dividend and capital distribution (including on wind up) rights. they do not confer any rights of redemption.

### 18 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                            | 2019      | 2018      |
|----------------------------|-----------|-----------|
|                            | £         | £         |
| Within one year            | 274,164   | 346,434   |
| Between two and five years | 942,833   | 789,664   |
| In over five years         | 304,833   | 347,500   |
|                            | 1,521,830 | 1,483,598 |

The operating leases relate to property and motor vehicles. These leases have an average duration of between 1 and 10 years. Only the property lease agreements contain an option for renewal at rentals based on market prices at the time of exercise. There are no restrictions placed upon the lessee by entering into these leases.

### 19 Related party transactions

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

# REA VALLEY TRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2019

### 19 Related party transactions

(Continued)

|                              | Sales          |                | Purchases      |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | 2019           | 2018           | 2019           | 2018           |
|                              | £              | £              | £              | £              |
| Dunstall Leasing Limited     | -              | -              | 63,750         | 76,699         |
| CGP Properties               | -              | -              | 40,000         | 40,000         |
| Dunstall Investments Limited | -              | -              | 92,035         | 92,035         |
| Mr S W Clarke                | 217,455        | 115,201        | -              | 13,800         |
| Metrux Limited               | 396            | -              | 90,225         | -              |
| Mr J Minshall                | 95,629         | -              | -              | -              |
| Mr N Worthington             | 31,165         | -              | -              | -              |
|                              | <u>344,645</u> | <u>115,201</u> | <u>286,010</u> | <u>222,534</u> |

The following amounts were outstanding at the reporting end date:

|                                | 2019           | 2018           |
|--------------------------------|----------------|----------------|
|                                | £              | £              |
| Amounts due to related parties |                |                |
| Other related parties          | <u>231,659</u> | <u>231,659</u> |

The following amounts were outstanding at the reporting end date:

Dunstall Leasing Limited is a company controlled by the director Mr S W Clarke who holds 100% of the issued share capital.

CGP Properties is a Partnership in which the director Mr S W Clarke and Mrs J Gerard-Pearce (a director of the parent company) have joint control.

Mr I Marshall is a director of both Metrux Limited and Dunstall Holdings Limited.

Mr J Minshall is a director of Dunstall Holdings Limited.

Mr N Worthington is a director of Rea Valley Tractors Limited.

The company being a wholly owned subsidiary has taken advantage of the exemption not to disclose transactions with other wholly owned Group members.

### 20 Ultimate controlling party

The ultimate parent company is Dunstall Holdings Limited, a company registered in England and Wales.

The ultimate controlling party is Mr S W Clarke, a director of the company.

The parent undertaking of the largest and the smallest group for which Group accounts are prepared is Dunstall Holdings Limited. Copies of the Group accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

# REA VALLEY TRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2019

### 21 Cash generated from operations

|  | 2019<br>£               | 2018<br>£               |
|--|-------------------------|-------------------------|
| Profit for the year after tax                        | 592,853                 | 498,861                 |
| <b>Adjustments for:</b>                              |                         |                         |
| Taxation charged                                     | 214,254                 | 132,018                 |
| Finance costs  | 770,274                 | 526,282                 |
| Gain on disposal of tangible fixed assets            | (91,948)                | (81,521)                |
| Depreciation and impairment of tangible fixed assets | 1,460,568               | 1,305,649               |
| <b>Movements in working capital:</b>                 |                         |                         |
| Increase in stocks                                   | (2,610,817)             | (1,997,123)             |
| Increase in debtors                                  | (1,314,773)             | (919,739)               |
| Increase in creditors                                | 3,506,321               | 3,973,252               |
| <b>Cash generated from operations</b>                | <u><u>2,526,732</u></u> | <u><u>3,437,679</u></u> |

### 22 Auditor's liability limitation agreement

In accordance with Companies Act 2006 (s538), we are required to disclose any auditor liability limitation agreements in effect.

A resolution was passed dated 17 December 2019 which limits the liability of the auditor to £5m for any loss or damage suffered by Rea Valley Tractors Limited arising out of or in connection with the provision of services provided by the auditor including negligence but not wilful default.