

REA VALLEY TRACTORS LIMITED

Company registration number 01813871 (England and Wales)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 OCTOBER 2021

REA VALLEY TRACTORS LIMITED

COMPANY INFORMATION

Directors Mr S Clarke
Mr S J Petford
Mr N J Worthington
Mr G A Logan
Mr M J Mulligan (Appointed 1 October 2021)

Company number 01813871

Registered office Old Hall
Dunstall
Burton on Trent
Staffordshire
DE13 8BE

Auditor Dyke Yaxley Limited
1 Brassey Road
Old Potts Way
Shrewsbury
Shropshire
SY3 7FA

REA VALLEY TRACTORS LIMITED

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REA VALLEY TRACTORS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 OCTOBER 2021

The directors present the strategic report for the year ended 30 October 2021.

Results and performance

Rea Valley Tractors Limited is principally engaged in the sales, servicing and repair of agricultural machinery, and the sales and servicing of Isuzu vehicles.

The Group's desire is to focus on its core strategy of selling, servicing and repairing equipment that is of fundamental importance to the operations of its customers, whilst at the same time de-risking itself from the business impacts that arise from operating in one specific industrial sector. The results of the Group are set out in the consolidated profit and loss account on page 11, these show a profit on ordinary activities before tax of £756k (2020: £1,146k loss).

The performance of the Group during 2021 reflects a bounce back to pre-covid financial performance levels despite the challenging and uncertain market conditions that the Group faced. The agricultural industry is facing challenging and uncertain market conditions, and the delay in supplied wholegoods from our key suppliers.

During 2021, all companies within the Dunstall Holdings Group have continued to be affected by issues surrounding availability and supply of product from all major manufacturers due to world shortages in components and workforce effected by COVID-19.

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 group is well placed to continue to grow and invest in people, maintaining reasonable margins and develop both its-product and servicing offerings to new and existing customers.

Key performance indicators

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

	<u>2021</u>	<u>2020</u>
Turnover	£87,315,274	£77,921,779
EBIT	£1,375,450	£(469,012)
PBT	£755,885	£(1,145,926)
Debtor days	25	22
Stock turn	3.9	4.4
Headcount	133	133

Non-financial performance indicators

The health, safety and welfare of the Group's employees is seen as a key priority to the directors and the group continues to invest in this area. All incidents are recorded via our own bespoke Health and Safety portal and mobile application, which enables full control, accountability and insights reporting, which is 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 Dunstall Holdings 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 Group 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 30 OCTOBER 2021

Principal risks and uncertainties

The Group continues to be an important part of the agricultural community in Mid Wales, Shropshire, Derbyshire and Staffordshire. The directors will continue their efforts within the business, focusing on providing excellent service to local and regional markets.

In order to ensure that the Group's position within these markets is not compromised, there is a clear risk management strategy that enables and supports the Group to identify and manage risks.

A Group risk register is reviewed at all board meetings by the directors and corrective actions taken as and where necessary. This along with the risk management strategy is embedded into the senior management of the Group and its operating subsidiaries.

Financial Risk

The group monitors financial risk on a continual basis 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 subsidiary level.

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

Other information and explanations

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 8% of the Businesses trade consists of exports, given that 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.

Company Values

Employees of Dunstall Holdings are at the centre of our continued success and development, the group has a strategic aim of becoming an employer of choice

- Committed to service

Committed to consistently delivering the best possible for both employees and customers.

- Teamwork

A unified collaborative effort to achieve a mutually beneficial outcome.

- Trust and Respect

We create a positive environment where energy and enthusiasm are matched by opportunity and ambition.

REA VALLEY TRACTORS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 OCTOBER 2021

On behalf of the board

Mr S J Petford
Director

15 July 2022

REA VALLEY TRACTORS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 OCTOBER 2021

The directors present their annual report and financial statements for the year ended 30 October 2021.

Principal activities

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

Results and dividends

The results for the year are set out on page 11.

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

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 J Petford

Mr N J Worthington

Mr G A Logan

Mr M P Davenport

(Appointed 19 April 2021 and resigned 24 November 2021)

Mr M J Mulligan

(Appointed 1 October 2021)

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 pandemic started.

Auditor

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

Energy and carbon report

See Energy and Carbon report on page 7.

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.

REA VALLEY TRACTORS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 OCTOBER 2021

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.

On behalf of the board

Mr S J Petford
Director

15 July 2022

REA VALLEY TRACTORS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 OCTOBER 2021

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

ENERGY AND CARBON REPORT

FOR THE YEAR ENDED 30 OCTOBER 2021

The total consumption used to calculate emissions (in kwh) is 3,597,981

The energy consumption breakdown (in kwh) is analysed as follows:

Electricity : 279,246

Gas : 172,826

Heating oil : 99,422

LPG : 123,032

Transport fuel : 2,923,454

Scope 1 emissions in metric tonnes (tCO₂e)

Buildings : 83.5

Transport fuel : 668.5

Total Scope 1 : 752

Scope 2 emissions in metric tonnes (tCO₂e)

Purchased electricity : 64.5

Total Scope 2 : 64.5 (tCO₂e)

Total gross emissions in metric tonnes (tCO₂e) : 816.5

Intensity ratio (tCO₂e) per employee : 5.9

Intensity ratio (tCO₂e) per million £ sales revenue : 9.13

Qualifications and reporting methodology

We have followed the gov.uk 2021 updated reporting guidelines. We have also used calculations using DEFRA and other internationally recognised metrics via the website www.carbonfootprint.com.

Datasets have been entered using the information and invoices from our suppliers and no checking has been done by Carbon Footprint Ltd as to validity or completeness of the dataset.

Intensity measurement

The chosen intensity measurement ratios are the total gross emissions in metric tonnes tCO₂e per employee and per million in sales revenue.

Improvements taken to protect the environment and improve our energy efficiency

Vehicle tracking and monitoring system to ensure journeys are minimised utilising the nearest field-based technician to effect repairs or breakdowns.

Meeting via Microsoft Teams and Zoom have increased and are the preferred method.

Vehicle replacement policy to low emission hybrid type vehicles where possible and available.

Comparison of reduction from our 2020 report

tCO₂e per employee reduced from 7.7 reported in 2020 to 5.9 = 23% reduction

tCO₂e per million £ sales revenue from 11.94 reported in 2020 to 9.13 = 24% reduction

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 30 October 2021 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 30 October 2021 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

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.

REA VALLEY TRACTORS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF REA VALLEY TRACTORS LIMITED

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.

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 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.

REA VALLEY TRACTORS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF REA VALLEY TRACTORS LIMITED

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:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud.

As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 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 the member 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.

Stacey Lea ACA (Senior Statutory Auditor)
For and on behalf of Dyke Yaxley Limited

23 July 2022

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 30 OCTOBER 2021

	Notes	2021 £	2020 £
Turnover	3	87,315,274	77,921,779
Cost of sales		(75,885,338)	(67,984,409)
Gross profit		11,429,936	9,937,370
Distribution costs		(6,337,765)	(6,418,699)
Administrative expenses		(3,726,874)	(4,031,862)
Other operating income		10,153	44,179
Operating profit/(loss)	4	1,375,450	(469,012)
Interest payable and similar expenses	6	(619,565)	(676,914)
Profit/(loss) before taxation		755,885	(1,145,926)
Tax on profit/(loss)	7	33,825	177,799
Profit/(loss) for the financial year		789,710	(968,127)

REA VALLEY TRACTORS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 OCTOBER 2021

	2021	2020
	£	£
Profit/(loss) for the year	789,710	(968,127)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>789,710</u>	<u>(968,127)</u>

REA VALLEY TRACTORS LIMITED

BALANCE SHEET

AS AT 30 OCTOBER 2021

		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	8		19,124		-
Tangible assets	9		10,867,015		9,129,275
			<u>10,886,139</u>		<u>9,129,275</u>
Current assets					
Stocks	10	19,329,184		15,373,927	
Debtors	11	17,745,308		15,342,829	
Cash at bank and in hand		1,473,520		2,045,385	
		<u>38,548,012</u>		<u>32,762,141</u>	
Creditors: amounts falling due within one year	12	<u>(36,646,420)</u>		<u>(29,807,597)</u>	
Net current assets			<u>1,901,592</u>		<u>2,954,544</u>
Total assets less current liabilities			<u>12,787,731</u>		<u>12,083,819</u>
Creditors: amounts falling due after more than one year	13		<u>(1,708,282)</u>		<u>(1,760,255)</u>
Provisions for liabilities					
Deferred tax liability	15	659,830		693,655	
		<u>659,830</u>	<u>(659,830)</u>	<u>693,655</u>	<u>(693,655)</u>
Net assets			<u>10,419,619</u>		<u>9,629,909</u>
Capital and reserves					
Called up share capital	17		3,000		3,000
Profit and loss reserves			10,416,619		9,626,909
Total equity			<u>10,419,619</u>		<u>9,629,909</u>

The financial statements were approved by the board of directors and authorised for issue on 15 July 2022 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 30 OCTOBER 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 November 2019	3,000	10,595,036	10,598,036
Year ended 31 October 2020:			
Loss and total comprehensive income for the year	-	(968,127)	(968,127)
Balance at 31 October 2020	3,000	9,626,909	9,629,909
Year ended 30 October 2021:			
Profit and total comprehensive income for the year	-	789,710	789,710
Balance at 30 October 2021	3,000	10,416,619	10,419,619

REA VALLEY TRACTORS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 OCTOBER 2021

	Notes	2021		2020	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	21	1,790,864		3,894,883	
Interest paid		(619,565)		(676,914)	
Income taxes refunded/(paid)		80,218		(96,826)	
Net cash inflow from operating activities		<u>1,251,517</u>		<u>3,121,143</u>	
Investing activities					
Purchase of intangible assets		(21,261)		-	
Purchase of tangible fixed assets		(926,437)		(732,030)	
Proceeds on disposal of tangible fixed assets		5,324,443		5,565,836	
Net cash generated from investing activities		<u>4,376,745</u>		<u>4,833,806</u>	
Financing activities					
Payment of finance leases obligations		(6,200,127)		(6,914,754)	
Net cash used in financing activities		<u>(6,200,127)</u>		<u>(6,914,754)</u>	
Net (decrease)/increase in cash and cash equivalents		<u>(571,865)</u>		<u>1,040,195</u>	
Cash and cash equivalents at beginning of year		2,045,385		1,005,190	
Cash and cash equivalents at end of year		<u><u>1,473,520</u></u>		<u><u>2,045,385</u></u>	

REA VALLEY TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 OCTOBER 2021

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.

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 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Software	25% Straight line
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1.5 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.

REA VALLEY TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 OCTOBER 2021

1 Accounting policies (Continued)

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:

Improvements 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.

1.6 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.

1.7 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.

1.8 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.

1.9 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

REA VALLEY TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 OCTOBER 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 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.

1.11 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.

REA VALLEY TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 OCTOBER 2021

1 Accounting policies

(Continued)

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.

1.12 Employee benefits

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

1.13 Retirement benefits

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

1.14 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.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

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.

REA VALLEY TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 OCTOBER 2021

3 Turnover and other revenue

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

	2021 £	2020 £
Turnover analysed by class of business		
All turnover is derived from the principal activity undertaken	87,315,274	77,921,779

	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	80,749,556	69,015,543
EU	3,508,650	5,567,795
Rest of world	3,057,068	3,338,441
	<u>87,315,274</u>	<u>77,921,779</u>

	2021 £	2020 £
Other revenue		
Grants received	10,153	44,179

4 Operating profit/(loss)

	2021 £	2020 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Government grants	(10,153)	(44,179)
Fees payable to the company's auditor for the audit of the company's financial statements	17,820	13,500
Depreciation of owned tangible fixed assets	817,379	913,337
Depreciation of tangible fixed assets held under finance leases	871,862	707,092
(Profit)/loss on disposal of tangible fixed assets	(131,011)	78,176
Amortisation of intangible assets	2,137	-
Operating lease charges	364,249	312,072

REA VALLEY TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 OCTOBER 2021

5 Employees

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

	2021 Number	2020 Number
Administration	16	11
Sales and servicing	117	122
Total	<u>133</u>	<u>133</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	5,800,406	5,706,457
Pension costs	120,055	118,286
	<u>5,920,461</u>	<u>5,824,743</u>

6 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	579,821	616,589
Other finance costs:		
Interest on finance leases and hire purchase contracts	39,744	60,325
	<u>619,565</u>	<u>676,914</u>

7 Taxation

	2021 £	2020 £
Deferred tax		
Origination and reversal of timing differences	(33,825)	(177,799)
	<u>(33,825)</u>	<u>(177,799)</u>

REA VALLEY TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 OCTOBER 2021

7 Taxation

(Continued)

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

	2021 £	2020 £
Profit/(loss) before taxation	755,885	(1,145,926)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	143,618	(217,726)
Tax effect of expenses that are not deductible in determining taxable profit	2,784	-
Unutilised tax losses carried forward	168,357	-
Group relief	-	217,726
Permanent capital allowances in excess of depreciation	(314,759)	-
Deferred tax movement for year	(33,825)	(177,799)
Taxation credit for the year	(33,825)	(177,799)

8 Intangible fixed assets

	Software £
Cost	
At 1 November 2020	-
Additions - internally developed	21,261
At 30 October 2021	21,261
Amortisation and impairment	
At 1 November 2020	-
Amortisation charged for the year	2,137
At 30 October 2021	2,137
Carrying amount	
At 30 October 2021	19,124
At 31 October 2020	-

REA VALLEY TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 OCTOBER 2021

9 Tangible fixed assets	Improv'ts to leasehold premises £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles and hire fleet £	Total £
Cost					
At 1 November 2020	691,560	298,546	166,296	10,662,579	11,818,981
Additions	19,338	57,160	1,050	8,542,865	8,620,413
Disposals	-	(10,980)	-	(6,605,991)	(6,616,971)
At 30 October 2021	<u>710,898</u>	<u>344,726</u>	<u>167,346</u>	<u>12,599,453</u>	<u>13,822,423</u>
Depreciation and impairment					
At 1 November 2020	398,074	159,001	90,901	2,041,730	2,689,706
Depreciation charged in the year	56,482	38,492	20,238	1,574,029	1,689,241
Eliminated in respect of disposals	-	(6,238)	-	(1,417,301)	(1,423,539)
At 30 October 2021	<u>454,556</u>	<u>191,255</u>	<u>111,139</u>	<u>2,198,458</u>	<u>2,955,408</u>
Carrying amount					
At 30 October 2021	<u>256,342</u>	<u>153,471</u>	<u>56,207</u>	<u>10,400,995</u>	<u>10,867,015</u>
At 31 October 2020	<u>293,486</u>	<u>139,545</u>	<u>75,395</u>	<u>8,620,849</u>	<u>9,129,275</u>

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

	2021 £	2020 £
Motor vehicles and hire fleet	<u>7,732,071</u>	<u>6,102,530</u>

10 Stocks	2021 £	2020 £
Raw materials and consumables	2,925,892	2,683,515
Finished goods and goods for resale	16,403,292	12,690,412
	<u>19,329,184</u>	<u>15,373,927</u>

REA VALLEY TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 OCTOBER 2021

11 Debtors	2021	2020
Amounts falling due within one year:	£	£
Trade debtors	6,080,230	4,761,367
Corporation tax recoverable	35,528	115,746
Amounts owed by group undertakings	6,933,083	5,829,704
Other debtors	2,754,636	2,993,593
Prepayments and accrued income	1,941,831	1,642,419
	<u>17,745,308</u>	<u>15,342,829</u>

12 Creditors: amounts falling due within one year	2021	2020
Notes	£	£
Obligations under finance leases	14 4,597,927	3,052,105
Trade creditors	12,664,404	11,452,368
Taxation and social security	661,867	2,401,313
Other creditors	18,343,478	12,340,570
Accruals and deferred income	378,744	561,241
	<u>36,646,420</u>	<u>29,807,597</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 £16,113,479 (2020 £11,213,737) 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, Altegra Integrated Solutions Limited and Dunstall Holdings Limited.

13 Creditors: amounts falling due after more than one year	2021	2020
Notes	£	£
Obligations under finance leases	14 1,708,282	1,760,255
	<u>1,708,282</u>	<u>1,760,255</u>

REA VALLEY TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 OCTOBER 2021

14 Finance lease obligations

	2021	2020
	£	£
Future minimum lease payments due under finance leases:		
Within one year	4,597,927	3,052,105
In two to five years	1,708,282	1,760,255
	<u>6,306,209</u>	<u>4,812,360</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.

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 2021	Liabilities 2020
	£	£
Balances:		
Accelerated capital allowances	1,068,827	939,714
Tax losses	(408,997)	(246,059)
	<u>659,830</u>	<u>693,655</u>
		2021
Movements in the year:		£
Liability at 1 November 2020		693,655
Credit to profit or loss		(33,825)
		<u>659,830</u>
Liability at 30 October 2021		<u>659,830</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 30 OCTOBER 2021

16 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	120,055	118,286

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 £nil (2020: £19,910).

17 Share capital

	2021	2020	2021	2020
Ordinary share capital Issued and fully paid	Number	Number	£	£
Ordinary shares of £1 each	3,000	3,000	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:

	2021	2020
	£	£
Within one year	344,833	247,500
Between two and five years	1,082,000	877,333
In over five years	453,333	122,833
	1,880,166	1,247,666

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.

REA VALLEY TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 OCTOBER 2021

19 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.

20 Related party transactions

Transactions with related parties

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

	Sales		Purchases	
	2021	2020	2021	2020
	£	£	£	£
Dunstall Leasing Limited	-	-	41,070	44,040
Dunstall Transport Limited	-	-	96,626	69,026
CGP Properties	-	-	40,000	40,000
Mr S W Clarke	142,215	232,294	-	-
Dunstall Estates	1,534	2,678	-	-
Mr S J Pelford	-	537	-	-
Mr M J Mulligan	2,671	-	-	-
Mr N Worthington	70,431	-	-	-
	<u>216,851</u>	<u>235,509</u>	<u>177,696</u>	<u>153,066</u>

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2021	2020
	£	£
Dunstall Leasing Limited	-	11,370
	<u>-</u>	<u>11,370</u>

REA VALLEY TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 OCTOBER 2021

20 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

	Balance	2021 Provision	Net
Amounts due from related parties	£	£	£
Mr S W Clarke	97,227	-	97,227
Dunstall Estates	265		
	<u> </u>	<u> </u>	<u> </u>
Amounts due in previous period	Balance	2020 Provision	Net
	£	£	£
Mr S W Clarke	11,727	-	11,727
	<u> </u>	<u> </u>	<u> </u>

Dunstall Leasing Limited, Dunstall Investments Limited and Dunstall Transport Limited are companies 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 Mertrux 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.

Mr S J Pettford is a director of Rea Valley tractors Limited and Dunstall Holdings Limited.

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

REA VALLEY TRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 OCTOBER 2021

21 Cash generated from operations

	2021 £	2020 £
Profit/(loss) for the year after tax	789,710	(968,127)
Adjustments for:		
Taxation credited	(33,825)	(177,799)
Finance costs	619,565	676,914
(Gain)/loss on disposal of tangible fixed assets	(131,011)	78,176
Amortisation and impairment of intangible assets	2,137	-
Depreciation and impairment of tangible fixed assets	1,689,241	1,620,429
Movements in working capital:		
(Increase)/decrease in stocks	(3,955,257)	5,210,559
Increase in debtors	(2,482,697)	(1,415,080)
Increase/(decrease) in creditors	5,293,001	(1,130,189)
Cash generated from operations	<u>1,790,864</u>	<u>3,894,883</u>

22 Analysis of changes in net debt

	1 November 2020 £	Cash flows £	Acquisitions and disposals £	New finance leases £	30 October 2021 £
Cash at bank and in hand	2,045,385	2,625,094	(3,196,959)	-	1,473,520
Obligations under finance leases	(4,812,360)	6,200,127	-	(7,693,976)	(6,306,209)
	<u>(2,766,975)</u>	<u>8,825,221</u>	<u>(3,196,959)</u>	<u>(7,693,976)</u>	<u>(4,832,689)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.