

**REA VALLEY TRACTORS LIMITED**

**Company Registration No. 01813871 (England and Wales)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 OCTOBER 2020**

# REA VALLEY TRACTORS LIMITED

## COMPANY INFORMATION

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**Directors** Mr S Clarke  
Mr S J Petford  
Mr N J Worthington  
Mr G A Logan  
Mr M P Davenport (Appointed 19 April 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

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# REA VALLEY TRACTORS LIMITED

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# REA VALLEY TRACTORS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 OCTOBER 2020**

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The directors present the strategic report for the year ended 31 October 2020.

### 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 loss on ordinary activities before tax of £1,146k (2019: £807k profit).

The performance of the Rea Valley Tractors during 2020 reflects the challenging and uncertain market conditions that the agricultural industry is facing. Following Brexit, there is still a high degree of vagueness concerning the continuity of subsidies and assistance to be provided moving forwards.

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 wherever possible from market fluctuations that are outside the control of the business.

The business is well placed to continue to bounce back from the unprecedented events of 2020, maintain reasonable margins and develop both its product and servicing offerings to new and existing customer.

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.

The financial results below for 2020 have been severely impacted by the effect of COVID on the lack of availability of supply of product from all major manufacturers.

### 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>2020</u>	<u>2019</u>
Turnover	£81,740,626	£94,222,138
EBIT	£(469,012)	£1,577,301
PBT	£(1,145,926)	£807,107
Headcount	133	134

### 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.

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# REA VALLEY TRACTORS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

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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.

#### Covid-19

The worldwide Covid-19 pandemic has created significant economic turmoil. The effects are likely to continue for the foreseeable future affecting supply of product from major manufacturers. The company continues to monitor the situation on an ongoing basis along with the latest public health advice.

#### 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 11% 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 on the profitability or liquidity of Rea Valley Tractors which have not been addressed.

**REA VALLEY TRACTORS LIMITED**

**STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 OCTOBER 2020***

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On behalf of the board

Mr S J Petford  
**Director**

20 October 2021

# REA VALLEY TRACTORS LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 OCTOBER 2020**

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

### 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 12.

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 Potter

(Resigned 10 July 2020)

Mr S J Petford

Mr N J Worthington

Mr G A Logan

Mr M P Davenport

(Appointed 19 April 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 pages 7 to 9.

### 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 31 OCTOBER 2020*

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### **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**

20 October 2021

## **REA VALLEY TRACTORS LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 OCTOBER 2020***

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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**

**ENERGY AND CARBON REPORT**

***FOR THE YEAR ENDED 31 OCTOBER 2020***

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To be replaced by clients energy and carbon report

**REA VALLEY TRACTORS LIMITED**

**ENERGY AND CARBON REPORT**

*FOR THE YEAR ENDED 31 OCTOBER 2020*

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# REA VALLEY TRACTORS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF REA VALLEY TRACTORS LIMITED

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#### Opinion

We have audited the financial statements of Rea Valley Tractors Limited (the 'company') for the year ended 31 October 2020 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 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### 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. 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.

# REA VALLEY TRACTORS LIMITED

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

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### **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 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: <https://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**

21 October 2021

**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 2020

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	Notes	2020 £	2019 £
Turnover	3	77,921,779	94,222,138
Cost of sales		(67,984,409)	(82,715,392)
<b>Gross profit</b>		<u>9,937,370</u>	<u>11,506,746</u>
Distribution costs		(6,418,699)	(6,189,703)
Administrative expenses		(4,031,862)	(3,739,662)
Other operating income		44,179	-
<b>Operating (loss)/profit</b>	4	<u>(469,012)</u>	<u>1,577,381</u>
Interest payable and similar expenses	6	(676,914)	(770,274)
<b>(Loss)/profit before taxation</b>		<u>(1,145,926)</u>	<u>807,107</u>
Tax on (loss)/profit	7	177,799	(214,254)
<b>(Loss)/profit for the financial year</b>		<u><u>(968,127)</u></u>	<u><u>592,853</u></u>

**REA VALLEY TRACTORS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

***FOR THE YEAR ENDED 31 OCTOBER 2020***

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	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
(Loss)/profit for the year	(968,127)	592,853
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u>(968,127)</u>	<u>592,853</u>

# REA VALLEY TRACTORS LIMITED

## BALANCE SHEET

AS AT 31 OCTOBER 2020

	Notes	2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		9,129,275		9,206,761
<b>Current assets</b>					
Stocks	9	16,486,899		20,584,486	
Debtors	10	14,229,857		13,830,923	
Cash at bank and in hand		2,045,385		1,005,190	
		<u>32,762,141</u>		<u>35,420,599</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(29,807,597)</u>		<u>(31,936,830)</u>	
<b>Net current assets</b>			<u>2,954,544</u>		<u>3,483,769</u>
<b>Total assets less current liabilities</b>			<u>12,083,819</u>		<u>12,690,530</u>
<b>Creditors: amounts falling due after more than one year</b>	12		(1,760,255)		(1,221,040)
<b>Provisions for liabilities</b>					
Deferred tax liability	14	<u>693,655</u>		<u>871,454</u>	
			<u>(693,655)</u>		<u>(871,454)</u>
<b>Net assets</b>			<u>9,629,909</u>		<u>10,598,036</u>
<b>Capital and reserves</b>					
Called up share capital	16		3,000		3,000
Profit and loss reserves			<u>9,626,909</u>		<u>10,595,036</u>
<b>Total equity</b>			<u>9,629,909</u>		<u>10,598,036</u>

The financial statements were approved by the board of directors and authorised for issue on 20 October 2021 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 2020

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	Share capital	Profit and loss reserves	Total
	£	£	£
<b>Balance at 1 November 2018</b>	3,000	10,002,183	10,005,183
<b>Year ended 31 October 2019:</b>			
Profit and total comprehensive income for the year	-	592,853	592,853
<b>Balance at 31 October 2019</b>	3,000	10,595,036	10,598,036
<b>Year ended 31 October 2020:</b>			
Loss and total comprehensive income for the year	-	(968,127)	(968,127)
<b>Balance at 31 October 2020</b>	3,000	9,626,909	9,629,909

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# REA VALLEY TRACTORS LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2020

	Notes	2020		2019	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	20		3,894,883		2,526,732
Interest paid			(676,914)		(770,274)
Income taxes paid			(96,826)		(111,382)
<b>Net cash inflow from operating activities</b>			<b>3,121,143</b>		<b>1,645,076</b>
<b>Investing activities</b>					
Purchase of tangible fixed assets		(7,186,955)		(6,607,863)	
Proceeds on disposal of tangible fixed assets		5,565,836		4,784,589	
<b>Net cash used in investing activities</b>			<b>(1,621,119)</b>		<b>(1,823,274)</b>
<b>Financing activities</b>					
Payment of finance leases obligations		(459,829)		194,618	
<b>Net cash (used in)/generated from financing activities</b>			<b>(459,829)</b>		<b>194,618</b>
<b>Net increase in cash and cash equivalents</b>			<b>1,040,195</b>		<b>16,420</b>
Cash and cash equivalents at beginning of year			1,005,190		988,770
<b>Cash and cash equivalents at end of year</b>			<b>2,045,385</b>		<b>1,005,190</b>

# REA VALLEY TRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2020

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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 pandemic started.

#### 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'nts 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 2020

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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 2020

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### 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.

#### 1.14 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.

#### 1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 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 31 OCTOBER 2020

### 3 Turnover and other revenue

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

	2020	2019
	£	£
<b>Turnover analysed by class of business</b>		
All turnover is derived from the principal activity undertaken	77,921,779	94,222,138
	<u>77,921,779</u>	<u>94,222,138</u>
	2020	2019
	£	£
<b>Other significant revenue</b>		
Grants received	44,179	-
	<u>44,179</u>	<u>-</u>
	2020	2019
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	69,015,543	88,032,462
Rest of EU	5,567,795	4,079,597
Rest of world	3,338,441	2,110,079
	<u>77,921,779</u>	<u>94,222,138</u>

### 4 Operating (loss)/profit

	2020	2019
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Government grants	(44,179)	-
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	913,337	818,466
Depreciation of tangible fixed assets held under finance leases	707,092	642,102
Loss/(profit) on disposal of tangible fixed assets	78,176	(91,948)
Operating lease charges	312,072	335,643
	<u>312,072</u>	<u>335,643</u>

### 5 Employees

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

	2020	2019
	Number	Number
Administration	11	9
Sales and servicing	122	125
	<u>133</u>	<u>134</u>
Total	<u>133</u>	<u>134</u>

# REA VALLEY TRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

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5	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2020	2019
		£	£
	Wages and salaries	5,706,457	5,260,967
	Pension costs	118,286	93,911
		<u>5,824,743</u>	<u>5,354,878</u>
		<u><u>5,824,743</u></u>	<u><u>5,354,878</u></u>
6	Interest payable and similar expenses		
		2020	2019
		£	£
	<b>Interest on financial liabilities measured at amortised cost:</b>		
	Interest on bank overdrafts and loans	616,589	717,036
	<b>Other finance costs:</b>		
	Interest on finance leases and hire purchase contracts	60,325	53,238
		<u>676,914</u>	<u>770,274</u>
		<u><u>676,914</u></u>	<u><u>770,274</u></u>
7	Taxation		
		2020	2019
		£	£
	<b>Current tax</b>		
	UK corporation tax on profits for the current period	-	59,062
		<u>-</u>	<u>59,062</u>
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	(177,799)	155,192
		<u>(177,799)</u>	<u>155,192</u>
		<u><u>(177,799)</u></u>	<u><u>155,192</u></u>
	Total tax (credit)/charge	<u>(177,799)</u>	<u>214,254</u>
		<u><u>(177,799)</u></u>	<u><u>214,254</u></u>

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# REA VALLEY TRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

### 7 Taxation (Continued)

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

	2020 £	2019 £
(Loss)/profit before taxation	(1,145,926)	807,107
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(217,726)	153,350
Tax effect of expenses that are not deductible in determining taxable profit	-	398
Group relief	217,726	-
Difference between capital allowances and depreciation	-	(94,686)
Deferred tax movement for year	(177,799)	155,192
Taxation (credit)/charge for the year	(177,799)	214,254

### 8 Tangible fixed assets

	Improv'ts to leasehold premises £	Plant and Fixtures, machinery & equipment £	Motor vehicles & hire fleet £	Total £
<b>Cost</b>				
At 1 November 2019	673,615	250,432	150,512	11,496,045
Additions	22,612	53,615	20,451	7,090,277
Disposals	(4,667)	(5,501)	(4,667)	(6,849,184)
At 31 October 2020	691,560	298,546	166,296	10,662,579
At 31 October 2019	691,560	298,546	166,296	10,662,579
<b>Depreciation and impairment</b>				
At 1 November 2019	333,791	126,388	71,927	1,757,178
Depreciation charged in the year	68,950	36,705	23,641	1,491,133
Eliminated in respect of disposals	(4,667)	(4,092)	(4,667)	(1,206,581)
At 31 October 2020	398,074	159,001	90,901	2,041,730
At 31 October 2019	398,074	159,001	90,901	2,041,730
<b>Carrying amount</b>				
At 31 October 2020	293,486	139,545	75,395	8,620,849
At 31 October 2019	339,824	124,044	78,585	8,664,308

# REA VALLEY TRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

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### 8 Tangible fixed assets (Continued)

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

	2020	2019
	£	£
Motor vehicles and hire fleet	6,102,530	6,472,787
	<u>6,102,530</u>	<u>6,472,787</u>

### 9 Stocks

	2020	2019
	£	£
Raw materials and consumables	2,683,515	2,595,049
Finished goods and goods for resale	13,803,384	17,989,437
	<u>16,486,899</u>	<u>20,584,486</u>

### 10 Debtors

	2020	2019
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	4,761,367	4,702,110
Corporation tax recoverable	115,746	18,920
Amounts owed by group undertakings	5,829,704	4,709,263
Other debtors	2,993,593	3,537,618
Prepayments and accrued income	529,447	863,012
	<u>14,229,857</u>	<u>13,830,923</u>

# REA VALLEY TRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

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

	Notes	2020 £	2019 £
Obligations under finance leases	13	3,052,105	4,051,149
Trade creditors		11,452,368	11,286,951
Taxation and social security		2,401,313	1,403,717
Other creditors		12,340,570	14,347,271
Accruals and deferred income		561,241	847,742
		<u>29,807,597</u>	<u>31,936,830</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 £11,213,737 (2019 £13,723,978) 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.

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

	Notes	2020 £	2019 £
Obligations under finance leases	13	<u>1,760,255</u>	<u>1,221,040</u>

### 13 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	3,052,105	4,051,149
In two to five years	<u>1,760,255</u>	<u>1,221,040</u>
	<u>4,812,360</u>	<u>5,272,189</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.

# REA VALLEY TRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

### 14 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:

	<b>Liabilities 2020</b>	<b>Liabilities 2019</b>
<b>Balances:</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	939,714	871,454
Tax losses	(246,059)	-
	<u>693,655</u>	<u>871,454</u>
		<b>2020</b>
<b>Movements in the year:</b>		<b>£</b>
Liability at 1 November 2019		871,454
Credit to profit or loss		(177,799)
Liability at 31 October 2020		<u>693,655</u>

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

### 15 Retirement benefit schemes

	<b>2020</b>	<b>2019</b>
<b>Defined contribution schemes</b>	<b>£</b>	<b>£</b>
Charge to profit or loss in respect of defined contribution schemes	118,286	93,911
	<u>118,286</u>	<u>93,911</u>

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 £19,910 (2019: £12,029).

### 16 Share capital

	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Ordinary share capital Issued and fully paid</b>	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
Ordinary shares of £1 each	3,000	3,000	3,000	3,000
	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>

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

# REA VALLEY TRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

### 17 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:

	2020	2019
	£	£
Within one year	247,500	274,164
Between two and five years	877,333	942,833
In over five years	122,833	304,833
	<u>1,247,666</u>	<u>1,521,830</u>

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.

### 18 Related party transactions

#### Transactions with related parties

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

	Sales		Purchases	
	2020	2019	2020	2019
	£	£	£	£
Dunstall Leasing Limited	-	-	44,040	63,750
Dunstall Transport Limited			69,026	-
CGP Properties	-	-	40,000	40,000
Dunstall Investments Limited			-	92,035
Mr S W Clarke	232,294	217,455	-	-
Dunstall Estates	2,678	-	-	-
Mr S J Petford	537	-	-	-
MetruX Limited	-	396	-	90,225
Mr J Minshall	-	95,629	-	-
Mr N Worthington	-	31,165	-	-
	<u>235,509</u>	<u>344,645</u>	<u>153,066</u>	<u>286,010</u>

The following amounts were outstanding at the reporting end date:

	2020	2019
	£	£
<b>Amounts due to related parties</b>		
Dunstall Leasing Limited	11,370	-
Other related parties	-	231,659
	<u>11,370</u>	<u>231,659</u>

# REA VALLEY TRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

### 18 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	2020	2019
Amounts due from related parties	£	£
Mr S W Clarke	11,727	-
	<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 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.

### 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.

# REA VALLEY TRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

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<b>20</b>	<b>Cash generated from operations</b>			
		<b>2020</b>	<b>2019</b>	
		<b>£</b>	<b>£</b>	
	(Loss)/profit for the year after tax	(968,127)	592,853	
	<b>Adjustments for:</b>			
	Taxation (credited)/charged	(177,799)	214,254	
	Finance costs	676,914	770,274	
	Loss/(gain) on disposal of tangible fixed assets	78,176	(91,948)	
	Depreciation and impairment of tangible fixed assets	1,620,429	1,460,568	
	<b>Movements in working capital:</b>			
	Decrease/(increase) in stocks	4,097,587	(2,610,817)	
	Increase in debtors	(302,108)	(1,314,773)	
	(Decrease)/increase in creditors	(1,130,189)	3,506,321	
	<b>Cash generated from operations</b>	<b>3,894,883</b>	<b>2,526,732</b>	
		<u><u>                    </u></u>	<u><u>                    </u></u>	
<b>21</b>	<b>Analysis of changes in net debt</b>			
		<b>1 November</b>	<b>Cash flows</b>	<b>31 October</b>
		<b>2019</b>		<b>2020</b>
		<b>£</b>	<b>£</b>	<b>£</b>
	Cash at bank and in hand	1,005,190	1,040,195	2,045,385
	Obligations under finance leases	(5,272,189)	459,829	(4,812,360)
		<u>                    </u>	<u>                    </u>	<u>                    </u>
		<u><u>(4,266,999)</u></u>	<u><u>1,500,024</u></u>	<u><u>(2,766,975)</u></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.