

Registration number: 00988708

Warwick Ward (Machinery) Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2021



Warwick Ward (Machinery) Limited

Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 to 8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 to 24

Warwick Ward (Machinery) Limited

Company Information

Directors A Ward
 M Ward

Company secretary A Ward

Registered office Blacker Hill Sidings
 Blacker Hill
 Barnsley
 S74 0RE

Auditors Hawsons Chartered Accountants
 Statutory Auditor
 Pegasus House
 463a Glossop Road
 Sheffield
 South Yorkshire
 S10 2QD

Warwick Ward (Machinery) Limited

Strategic Report for the Year Ended 30 September 2021

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

Fair review of the business

The directors consider the results for the year and the financial position at the end of the year as set out in these financial statements to be satisfactory.

We are sure we were not alone in hoping that 2021 was a year of relative "normality" in comparison to the hugely COVID 19 impacted year of 2020. Whilst 2021 certainly was a much more positive year in that regard, COVID 19 and the pandemic was still around and continued to negatively impact on businesses and the world economy in general and we were no different. Throughout the year there were, and still exist, certain restrictions in place that are preventing the world from fully returning to normal.

That said, and despite the recent Omicron wave, we are starting to see much more optimism around as regards the coming months and year ahead, particularly given the success of the vaccine rollout, which has instilled considerable confidence. The markets and sectors in which we are operating are showing positive signs of quick and strong recovery and the demand for our goods and products is high. The spike in demand has presented manufacturers with fresh challenges though, in terms of component supply chains. There are currently shortages of products in many sectors as manufacturers attempt to "catch up" from the impact of factory lockdowns due to COVID 19. As often happens in economies where demand outstrips the ability to supply, our sectors, like most others in the economy, have seen rising inflation, material surcharges and price increases. As manufacturers start to get back to more normal levels of demand through 2022, we are hopeful that this situation will ease and level off.

The combined net result of all of the above translated into a relatively stilted start to the financial year. However, as market confidence grew through the spring of 2021 and into the summer, we saw some excellent results achieved across all our brands with record sales in some of the latter months. Our strategy to be bold in terms of the high volume forward stock orders that we had placed with our brand partners for the year paid dividends as the demands for certain product lines that we carry were unprecedented as companies invested heavily in new equipment.

This was particularly notable as regards our CASE Construction franchise. As reported in last year's accounts, we have continued to expand our UK geographical territory where we represent CASE and we are now firmly established as the largest independent CASE dealer in Europe with three depots in the UK at Barnsley (North), Alcester (Midlands) and Harlow (South).

Our partnership with TEREX ECOTEC as a main dealer for their recycling equipment portfolio remains very strong. Given the high value cap ex nature of this equipment, the COVID-19 pandemic had a significant negative impact on our sales of the TEREX brand through the financial year ended 2020. It was evident that decisions that large recycling companies might routinely make around investment in the purchase and renewal of this type of equipment were put on hold as uncertainty around the economic impact of the pandemic took hold. We have pleasingly seen a recent return to normal trading levels as lockdown has eased and confidence in the market returns. We hope and anticipate the recovery to continue.

Our partnership with crushing and screening equipment manufacturer KEESTRACK has really started to gain significant traction and we are delighted with how this part of the business is developing. We anticipate a strong performance with the brand going forwards, building on the work put in over the last year. As we strategically hoped, Keestrack very much complements our other brand partner product offerings. The product quality and brand reputation is of the highest order and we are now seeing significant gains in UK market share as a result of the work and focus that has been invested in over the last 24 months or so.

Warwick Ward (Machinery) Limited

Strategic Report for the Year Ended 30 September 2021 (continued)

We are confident that the strength of all our franchise partners, Case, Terex Ecotec and Keestrack, allied with the experience and reputation that we have as a dealer and service provider, will continue to stand us in good stead going forward.

In addition to the above, our plant hire division continues to perform well and complement our other product offerings along with our long standing used equipment, service and parts business which are all delivering strong results.

As a business, our focus as always continues to be on maximising efficiency and opportunity within the business. Throughout the last 12 months we have invested heavily in the operational side of the business, in our people and culture and in improving organisational structure to help us to continue to achieve the goals we set and to compete strongly in the marketplace. This focus helps to keep the business lean and efficient and we continue to drive this as a core strategy.

The key performance indicators of the business are turnover, gross margin and net profit. Given the nature of the business, the directors are of the opinion that the financial statements, together with the review of the business above, provide sufficient analysis for an understanding of the development, performance and position of the business.

Future developments

The continuing rise in demand and increased volume of sales that we have experienced for our CASE products due to the increased territories and more favourable trading conditions has prompted another exciting development. We are currently in the process of finalising the acquisition of a 4th Warwick Ward site close to our Barnsley headquarters to create a Centre of Excellence focusing on the supply and distribution of both CASE and TEREX ECOTEC new products.

This is a significant long-term investment for the company and one that gives us the ability to continue to grow the business, increase our capacity to deliver bigger volumes of machinery and further increase revenue as a result. We anticipate the new depot to be fully functional by the spring of 2022.

There also continues to be consideration to adding a further depot in the North East of England as demand may dictate the need. As always, our strategic approach remains to manage our risk in a prudent and pragmatic manner.

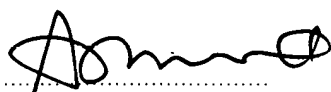
Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

These risks are broadly based around the sectors in which we operate remaining stable and that the demand for our products and services in these sectors continues. Foreign exchange rates can affect the cost of materials; sometimes positively, other times negatively.

We have mentioned in depth above the impact that Covid-19 has had on this set of results but it has not affected our long-term strategy and we feel the business is in a very healthy and strong position to maximise the opportunities that lie ahead in the short, medium and longer term.

Approved by the Board on 11/2/22 and signed on its behalf by:



A Ward
Director

Warwick Ward (Machinery) Limited

Directors' Report for the Year Ended 30 September 2021

The directors present their report and the audited financial statements for the year ended 30 September 2021.

Directors of the company

The directors who held office during the year were as follows:

A Ward

M Ward

Principal activity

The principal activity of the company is dealing in plant and machinery.

Directors' liabilities

The company has made qualifying third party indemnity provisions for the benefits of its directors which were made during the year and remain in force at the date of this report.

Disclosure of information to the auditors

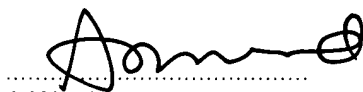
Each director of the company who held office at the date of the approval of this Annual Report, as set out above, confirms that:

- so far as they are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Reappointment of auditors

The auditors Hawsons Chartered Accountants are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 11/2/22 and signed on its behalf by:



A Ward
Director

Warwick Ward (Machinery) Limited

Statement of Directors' Responsibilities

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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Warwick Ward (Machinery) Limited

Independent Auditor's Report to the Members of Warwick Ward (Machinery) Limited

Opinion

We have audited the financial statements of Warwick Ward (Machinery) Limited (the 'company') for the year ended 30 September 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the 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 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 September 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 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.

Warwick Ward (Machinery) Limited

Independent Auditor's Report to the Members of Warwick Ward (Machinery) Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The company is subject to laws and regulations that directly and indirectly affect the financial statements. Based on our understanding of the company and the environment it operates within, we determined that the laws and regulations which were most significant included FRS 102, Companies Act 2006 and Health and Safety regulations. We considered the extent to which non-compliance with these laws and regulations might have a material effect on the financial statements, including how fraud might occur. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to improve the company's result for the period, and management bias in key accounting estimates.

Audit procedures performed by the engagement team included:

Warwick Ward (Machinery) Limited

Independent Auditor's Report to the Members of Warwick Ward (Machinery) Limited (continued)

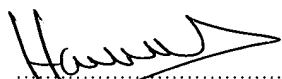
- Discussions with management and those responsible for legal compliance procedures within the company to obtain an understanding of the legal and regulatory framework applicable to the company and how the company complies with that framework, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of Board meetings;
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud and non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor-s-responsibilities-for. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Christopher Hill (Senior Statutory Auditor)

For and on behalf of Hawsons Chartered Accountants, Statutory Auditor

Pegasus House
463a Glossop Road
Sheffield
South Yorkshire
S10 2QD

Date: 11/2/22

Warwick Ward (Machinery) Limited

Statement of Comprehensive Income for the Year Ended 30 September 2021

	Note	2021 £	2020 £
Turnover	2	37,105,210	23,040,941
Cost of sales		<u>(30,962,027)</u>	<u>(19,421,499)</u>
Gross profit		6,143,183	3,619,442
Administrative expenses		(3,905,772)	(3,258,655)
Other operating income	3	<u>195,974</u>	<u>352,598</u>
Operating profit	4	2,433,385	713,385
Interest payable and similar expenses	5	<u>(462,040)</u>	<u>(348,234)</u>
Profit before tax		1,971,345	365,151
Tax on profit	8	<u>(680,196)</u>	<u>(68,689)</u>
Profit for the financial year		<u>1,291,149</u>	<u>296,462</u>
Total comprehensive income for the year		<u>1,291,149</u>	<u>296,462</u>

The above results were derived from continuing operations.

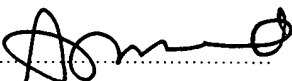
Warwick Ward (Machinery) Limited

(Registration number: 00988708)

Balance Sheet as at 30 September 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	9	9,707,150	7,234,673
Current assets			
Stocks	10	18,255,542	13,754,704
Debtors	11	7,512,323	6,013,530
Cash at bank and in hand		1,798,526	86,141
		<u>27,566,391</u>	<u>19,854,375</u>
Creditors: Amounts falling due within one year	12	<u>(24,106,552)</u>	<u>(16,929,123)</u>
Net current assets		<u>3,459,839</u>	<u>2,925,252</u>
Total assets less current liabilities		<u>13,166,989</u>	<u>10,159,925</u>
Creditors: Amounts falling due after more than one year	12	<u>(4,627,629)</u>	<u>(3,386,714)</u>
Provisions for liabilities	8	<u>(1,270,000)</u>	<u>(635,000)</u>
Net assets		<u>7,269,360</u>	<u>6,138,211</u>
Capital and reserves			
Called up share capital	14	9,999	9,999
Capital redemption reserve		1	1
Profit and loss account		<u>7,259,360</u>	<u>6,128,211</u>
Total equity		<u>7,269,360</u>	<u>6,138,211</u>

Approved and authorised for issue by the Board on 11/2/22 and signed on its behalf by:



 A Ward
 Director

Warwick Ward (Machinery) Limited

Statement of Changes in Equity for the Year Ended 30 September 2021

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 October 2020	9,999	1	6,128,211	6,138,211
Profit for the year	-	-	1,291,149	1,291,149
Total comprehensive income	-	-	1,291,149	1,291,149
Dividends	-	-	(160,000)	(160,000)
At 30 September 2021	9,999	1	7,259,360	7,269,360

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 October 2019	9,999	1	6,059,069	6,069,069
Profit for the year	-	-	296,462	296,462
Total comprehensive income	-	-	296,462	296,462
Dividends	-	-	(227,320)	(227,320)
At 30 September 2020	9,999	1	6,128,211	6,138,211

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

1 Accounting policies

Statutory information

Warwick Ward (Machinery) Limited is a private company, limited by shares, domiciled in England and Wales, company number 00988708. The registered office is at Blacker Hill Sidings, Blacker Hill, Barnsley, S74 0RE.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The company is a qualifying entity for the purposes of FRS 102 and has therefore taken advantage of the disclosure exemption available in FRS 102 not to prepare a cash flow statement.

Going concern

After due consideration of all relevant factors, including the impact of COVID-19 on the business, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of VAT.

Turnover is recognised when the significant risks and rewards of ownership are considered to have been transferred to the buyer.

Government grants

Government grants for assistance of a revenue nature are credited to the income statement in the same period as the related expenditure.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

1 Accounting policies (continued)

Deferred tax shall be recognised in respect of all timing differences at the reporting date, except as otherwise required by FRS102. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Tangible assets

Tangible fixed assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, less any estimated residual value over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	2% straight line
Plant and machinery	20% straight line
Fixtures and fittings	20% straight line
Motor vehicles	20% - 33% straight line
Hire machinery	33% straight line

Stocks

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

At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

1 Accounting policies (continued)

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Defined contribution pension obligation

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the statement of comprehensive income.

Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

1 Accounting policies (continued)

Key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the tangible assets.

The company makes an estimate of the recoverable value of machine stock. When assessing impairment of machine stock, management considers factors including the current market environment, the ageing profile of the stock and historical experience. See note 10 for the net carrying amount of stock.

Changes in accounting estimate

Estimation of residual value of hire fleet assets

As further data has become available, the directors have reassessed the residual values of hire fleet assets held within tangible assets.

This change in accounting estimate has had the effect of decreasing the depreciation charge and increasing the net book value of tangible assets in the current period by £685,453.

2 Revenue

The analysis of the company's turnover for the year by class of business is as follows:

	2021 £	2020 £
Machines and parts	32,793,378	19,091,269
Hire and servicing	4,311,832	3,949,672
	<u>37,105,210</u>	<u>23,040,941</u>

The analysis of the company's turnover for the year by market is as follows:

	2021 £	2020 £
UK	34,695,404	20,569,047
Europe	1,520,375	1,918,930
Rest of world	889,431	552,964
	<u>37,105,210</u>	<u>23,040,941</u>

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

3 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021	2020
	£	£
Government grants receivable	<u>195,974</u>	<u>352,598</u>

4 Operating profit

Arrived at after charging/(crediting):

	2021	2020
	£	£
Auditors' remuneration - audit of the accounts	14,500	14,000
Foreign exchange (gains)/losses	(29,195)	1,744
Profit on disposal of tangible fixed assets	(919,443)	(608,103)
Depreciation of owned assets	285,614	96,597
Depreciation of assets held under finance lease and hire purchase contracts	<u>495,531</u>	<u>1,303,218</u>

5 Interest payable and similar charges

	2021	2020
	£	£
Interest on obligations under finance leases and hire purchase contracts	273,464	206,190
Other interest	<u>188,576</u>	<u>142,044</u>
	<u>462,040</u>	<u>348,234</u>

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021	2020
	£	£
Wages and salaries	3,670,511	3,454,371
Social security costs	374,030	319,800
Pension costs, defined contribution scheme	<u>111,920</u>	<u>92,005</u>
	<u>4,156,461</u>	<u>3,866,176</u>

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

6 Staff costs (continued)

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Production	51	54
Administration and support	53	48
	<u>104</u>	<u>102</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £	2020 £
Remuneration	<u>27,759</u>	<u>59,606</u>

8 Taxation

Tax charged/(credited) in the income statement:

	2021 £	2020 £
Current taxation		
UK corporation tax	45,196	-
UK corporation tax adjustment to prior periods	<u>-</u>	<u>(46,311)</u>
	45,196	(46,311)
Deferred taxation		
Arising from origination and reversal of timing differences	<u>635,000</u>	<u>115,000</u>
Tax expense in the income statement	<u>680,196</u>	<u>68,689</u>

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

8 Taxation (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	<u>1,971,345</u>	<u>365,151</u>
Corporation tax at standard rate	374,556	69,379
Effect of expense not deductible in determining taxable profit	7,344	5,018
Deferred tax expense relating to changes in tax rates or laws	304,903	-
Other short-term timing differences	(673)	(3,682)
Effect of indexation allowance on capital gains	-	(106)
Other tax effects	<u>(5,934)</u>	<u>(1,920)</u>
Total tax charge	<u>680,196</u>	<u>68,689</u>

Deferred tax

Deferred tax assets and liabilities

	Liability £
2021	
Excess of capital allowances over depreciation	<u>1,270,000</u>
2020	
Excess of capital allowances over depreciation	<u>635,000</u>

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

9 Tangible assets

	Freehold land and buildings £	Hire Machinery £	Fixtures and fittings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation						
At 1 October 2020	753,808	8,181,795	292,482	130,136	444,815	9,803,036
Additions	2,500	6,947,565	11,203	50,503	161,473	7,173,244
Disposals	-	(4,811,893)	-	-	(25,225)	(4,837,118)
At 30 September 2021	<u>756,308</u>	<u>10,317,467</u>	<u>303,685</u>	<u>180,639</u>	<u>581,063</u>	<u>12,139,162</u>
Depreciation						
At 1 October 2020	270,026	1,753,254	211,861	114,360	218,862	2,568,363
Charge for the year	14,951	630,195	26,406	8,972	100,621	781,145
Eliminated on disposal	-	(903,484)	-	-	(14,012)	(917,496)
At 30 September 2021	<u>284,977</u>	<u>1,479,965</u>	<u>238,267</u>	<u>123,332</u>	<u>305,471</u>	<u>2,432,012</u>
Carrying amount						
At 30 September 2021	<u>471,331</u>	<u>8,837,502</u>	<u>65,418</u>	<u>57,307</u>	<u>275,592</u>	<u>9,707,150</u>
At 30 September 2020	<u>483,782</u>	<u>6,428,541</u>	<u>80,621</u>	<u>15,776</u>	<u>225,953</u>	<u>7,234,673</u>

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

9 Tangible assets (continued)

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2021 £	2020 £
Hire machinery	7,893,315	6,428,542
Motor vehicles	29,547	83,742
Plant and machinery	39,150	-
	<u>7,962,012</u>	<u>6,512,284</u>

10 Stocks

	2021 £	2020 £
Goods for resale	<u>18,255,542</u>	<u>13,754,704</u>

11 Debtors

	2021 £	2020 £
Trade debtors	3,891,145	3,185,831
Amounts owed by group undertakings	40,677	40,677
Directors loan accounts	10,433	-
Other debtors	1,197,935	986,321
Prepayments and accrued income	<u>2,372,133</u>	<u>1,800,701</u>
	<u>7,512,323</u>	<u>6,013,530</u>

Within trade creditors and prepayments are amounts invoiced by suppliers for goods where the risks and rewards of ownership of the goods had not transferred to the company at the balance sheet date.

Details of non-current trade and other debtors

£690,058 (2020 - £658,322) of other debtors is classified as non current.

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

12 Creditors

	2021 £	2020 £
Due within one year		
Trade creditors	18,196,283	11,010,282
Bank loans and overdrafts	-	388,225
Obligations under finance lease and hire purchase contracts	2,542,306	2,737,718
Corporation tax	805	50,516
Other taxes and social security	119,704	347,138
Other creditors	1,017,549	1,677,515
Directors' loan account	4,351	311,151
Accruals and deferred income	2,225,554	406,578
	<u>24,106,552</u>	<u>16,929,123</u>
Due after one year		
Obligations under finance lease and hire purchase contracts	3,937,571	2,728,392
Other creditors	690,058	658,322
	<u>4,627,629</u>	<u>3,386,714</u>

Within bank loans and overdrafts are overdrafts of £nil (2020 - £388,225) secured by an omnibus guarantee and fixed and floating charges over the company's property.

Within other creditors is £248,987 (2020 - £1,181,567) due under a trade finance arrangement secured on certain of the company's stock. Interest is paid at the rate of 3.583% per annum.

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

Within trade creditors and prepayments are amounts invoiced by suppliers for goods where the risks and rewards of ownership of the goods had not transferred to the company at the balance sheet date.

13 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	2,639,619	2,810,366
Later than one year and not later than five years	4,109,169	2,895,965
	<u>6,748,788</u>	<u>5,706,331</u>

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

13 Obligations under leases and hire purchase contracts (continued)

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	278,304	179,855
Later than one year and not later than five years	<u>281,507</u>	<u>211,833</u>
	<u>559,811</u>	<u>391,688</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £325,703 (2020 - £221,048).

14 Share capital

Allotted, called up and fully paid shares

	No.	2021 £	No.	2020 £
Ordinary shares of £1 each	<u>9,999</u>	<u>9,999</u>	<u>9,999</u>	<u>9,999</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

15 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £111,920 (2020 - £92,005).

Contributions totalling £17,825 (2020 - £14,396) were payable to the scheme at the end of the year and are included in creditors.

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

16 Commitments

Other financial commitments

The company has sold goods and entered into contractual commitments to repurchase them in substantially depreciated form, at an agreed price, at some future date to be determined under the contract. At the year end, as a result of these contracts, the company has recognised liabilities of £305,499 (2020- £269,250) within other creditors due within one year and £690,058 (2020- £658,322) within other creditors due after more than one year. The company has recognised the residual interests in goods of £995,557 (2020- £927,572) within other debtors.

17 Related party transactions

Loans from related parties

	Parent company £	Directors £
2021		
At start of period	(40,677)	311,151
Loans made	(160,000)	160,000
Amounts repaid	<u>160,000</u>	<u>(477,233)</u>
At end of period	<u>(40,677)</u>	<u>(6,082)</u>
	Parent company £	Directors £
2020		
At start of period	(134,677)	593,831
Loans made	(133,320)	133,320
Amounts repaid	<u>227,320</u>	<u>(416,000)</u>
At end of period	<u>(40,677)</u>	<u>311,151</u>

The loans from the directors, who are the key management personnel, pay interest at 5% per annum and are repayable on demand.

Advances or credits granted to directors

	At 1 October 2020 £	Advances to directors £	Repayments by director £	At 30 September 2021 £
2021				
A Ward				
Amounts due from/(to) director	<u>(119,800)</u>	<u>210,233</u>	<u>(80,000)</u>	<u>10,433</u>

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

18 Control

The company is controlled by its parent undertaking, Warwick Ward (Holdings) Limited, a company incorporated in England and Wales. Copies of the consolidated financial statements of Warwick Ward (Holdings) Limited can be obtained from Companies House.

The company has no ultimate controlling party.