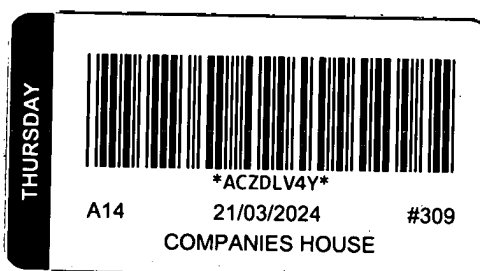


Registration number: 00988708

Warwick Ward (Machinery) Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2023



Warwick Ward (Machinery) Limited

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Warwick Ward (Machinery) Limited

Company Information

Directors A Ward
 M Ward
 M A Godhard
 R Holmes
 S Causier
 C Sellars

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 2023

The directors present their strategic report for the year ended 30 September 2023.

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.

Following 2022's supply chain challenges, 2023 saw supply improve, but as interest rates and inflation increased during 2023 we experienced an impact on demand, affecting our growth plans for the year.

Despite the challenges, we have maintained the overall level of sales and gross profit in line with 2022, but as these levels fell short of our expectations for the year, we incurred significant interest costs affecting our profit before tax figure for the year.

We continue to strengthen our relationships with key suppliers, and we remain firmly established as a leading CASE dealer with three depots in the North, Midlands, and South of mainland UK.

As a main dealer for their recycling equipment portfolio, our partnership with Terex Ecotec also remains very strong. We continued to see strong sales of the Terex brand in 2023, and remain well placed to grow the partnership further through 2024.

Whilst growth in Keestrack sales was impacted by market conditions in 2023, we continue to strengthen our partnership with the brand going into 2024.

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.

Key performance indicators

The directors consider the following to be the key performance indicators of the business:

	2023	2022
Sales	£51.2m	£49.8m
Gross profit percentage	14.5%	14.9%
Profit before tax percentage	1.3%	4.6%

Future developments

There 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.

There is a risk of a decline in demand within one or more of the sectors we operate in. To mitigate against this risk, we offer a diverse range of new and used goods, and offer both the sale and hire of goods, allowing us to be flexible with industry trends as required.

There is also a risk that foreign exchange rates could negatively impact upon the cost of materials and whole-goods. To mitigate against this, we monitor rates and trends and have the ability to fix rates on whole-goods we purchase in advance, as needed.

Warwick Ward (Machinery) Limited

Strategic Report for the Year Ended 30 September 2023 (continued)

Section 172(1) Statement

As the Board at Warwick Ward Limited, we have a legal responsibility under section 172 of the Companies Act 2006 to act in the way we consider, in good faith, would be the most likely to promote the company's success for the benefit of its members as a whole, and to have regard to the long-term effect of our decisions on the company and its stakeholders. This statement addresses the ways in which we as a Board fulfil this responsibility.

Promoting the company's success for its members

Warwick Ward Limited is proud to be ultimately owned by the Warwick Ward Employee Ownership Trust, the beneficiaries of which are the employees of Warwick Ward. We pride ourselves on maintaining strong relationships with both our internal and external stakeholders. The company assesses the likely impact of long term decisions to ensure continued growth and stability for its employees.

Engaging with stakeholders

Our company values are intrinsically woven into our approach to our stakeholders. These values reflect what the business holds key to our success and how the business and its team should act towards its stakeholders:

- Passion and Commitment - We take pride in our business and are committed to its mission and values.
- Integrity - We do what we say we will do, honestly, ethically, and respectfully.
- Innovation - We are all driven to find the best solution, collaboratively challenging convention.
- Accountability - We are all directly responsible for results, owning everything we do.
- Family and Fun - We are a family business, and ensure our team is treated as an extend family. Our business is a serious one, but we don't always have to be, we don't forget to have fun!

Our Team members

It is a little bit of a cliché to say "our people are our greatest asset." However, the business has gone from strength to strength over the last 50 years, which would not have been possible without the right team and culture. Some of our team members have been here for 35 years, and with engagement, dedication and focus they have grown our business. Retention and recruitment are essential, and we achieve this by:

- Having a great place to work, with a small family feel, backed up by a large company status.
- Rewarding success and loyalty through numerous incentive schemes.
- Engaging with the full team through numerous two-way communication streams.
- Training and continuously developing to recognised qualifications or on-the-job training, we ensure every team member takes part in structured training each year.

Our business partners

As evidenced in our core values, our reputation is based on a fair, honest, committed, and accountable approach. This delivers a customer centric service, returning customers, and long-established supplier relationships.

With a "small family feel," this personal approach is evident throughout our dealings with our business partners. They receive dedicated one to one focus, each customer/supplier whatever their size is treated with the same importance and efficiency.

Our Community

We have operated in our local community for over 50 years. Our brand is well known in the community through being a key employer in the local area, and through our investment in the local communities, via our charitable events, work and donations.

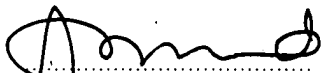
Warwick Ward (Machinery) Limited

Strategic Report for the Year Ended 30 September 2023 (continued)

Our World

We recognise that climate change is one of the most serious environmental challenges currently threatening the world, and we all have a role to play in reducing our environmental footprint. In order to achieve this we have developed an environmental policy that will see significant year on year reductions. This includes the conversion of our fleet to more environmentally friendly alternatives.

Approved by the Board on 15/3/24 and signed on its behalf by:



A Ward
Director

Warwick Ward (Machinery) Limited

Directors' Report for the Year Ended 30 September 2023

The directors present their report and the audited financial statements for the year ended 30 September 2023.

Directors of the company

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

A Ward

M Ward

M A Godhard (appointed 9 June 2023)

R Holmes (appointed 9 June 2023)

S Causier (appointed 9 June 2023)

The following director was appointed after the year end:

C Sellars (appointed 1 February 2024)

Principal activity

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

Streamlined Energy and Carbon Reporting

Statement of carbon emissions compliant with UK legislation set out in the Streamlined Energy and Carbon Reporting (SECR) covering energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and energy efficiency actions:

Aspect	2023		2022	
	Energy (kWh)	CO2e (tonnes)	Energy (kWh)	CO2e (tonnes)
Scope 1 Emissions				
Company vehicles, grey fleet, natural gas, diesel, LPG, propane and kerosene	2,284,806	764	2,050,036	662
Scope 2 Emissions				
Purchased electricity	226,922	62	195,275	57
Scope 3 Emissions				
Optional - not covered	-	-	-	-
Totals	2,511,728	826	2,245,311	719

Intensity Metric	2023	2022
Kg of total CO2e per £1,000 turnover	16.12	14.45

Warwick Ward (Machinery) Limited

Directors' Report for the Year Ended 30 September 2023 (continued)

Carbon and Energy Efficiency Actions

We are committed to responsible carbon management and will practise energy efficiency throughout our organisation, wherever it is cost effective. We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions.

We have implemented the following policies for the purpose of increasing the businesses energy efficiency in the relevant financial year:

- Monthly monitoring of transport fuel usage.
- Use of company communications mechanism to promote energy efficiency.

Methodology used in the calculation of disclosures

ESOS methodology (as specified in Complying with the Energy Savings Opportunity Scheme version 6, published by the Environment Agency, 21.01.21) used in conjunction with Government GHG reporting conversion factors.

For carbon only related matters, the SECR methodology as specified in "Environmental Reporting Guidelines: including Streamlined Energy and Carbon Reporting and Greenhouse Gas reporting" was used in conjunction with Government GHG reporting conversion factors.

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

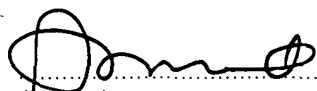
Each director of the company who held office at the date of the approval of this Annual Report, as set out above, confirms that:

- 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 15/3/24 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 group and the company and of the profit or loss of the group 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 2023, 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 2023 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 responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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 or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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)

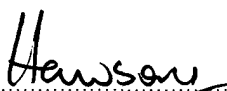
- Discussions with management and those responsible for legal compliance procedures within the company to obtain an understanding of the legal and regulatory framework applicable to the company and how the company complies with that framework, including consideration of known or suspected instances of 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.



Craig Burton (Senior Statutory Auditor)

For and on behalf of Hawsons Chartered Accountants, Statutory Auditor

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

Date: 15 March 2024

Warwick Ward (Machinery) Limited

Statement of Comprehensive Income for the Year Ended 30 September 2023

	Note	2023 £	2022 £
Turnover	2	51,232,582	49,764,120
Cost of sales		<u>(43,796,335)</u>	<u>(42,342,092)</u>
Gross profit		7,436,247	7,422,028
Administrative expenses		<u>(5,350,027)</u>	<u>(4,497,061)</u>
Operating profit	3	2,086,220	2,924,967
Interest payable and similar expenses	4	<u>(1,407,674)</u>	<u>(618,394)</u>
Profit before tax		678,546	2,306,573
Tax on profit	8	<u>(199,689)</u>	<u>(509,273)</u>
Profit for the financial year		<u>478,857</u>	<u>1,797,300</u>
Total comprehensive income for the year		<u>478,857</u>	<u>1,797,300</u>

The above results were derived from continuing operations.

Warwick Ward (Machinery) Limited

(Registration number: 00988708)

Balance Sheet as at 30 September 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	9	9,717,072	10,214,648
Current assets			
Stocks	10	31,223,963	22,382,924
Debtors	11	7,315,910	9,161,478
Cash at bank and in hand		1,822,937	3,798,845
		<u>40,362,810</u>	<u>35,343,247</u>
Creditors: Amounts falling due within one year	12	<u>(36,604,998)</u>	<u>(30,552,308)</u>
Net current assets		<u>3,757,812</u>	<u>4,790,939</u>
Total assets less current liabilities		<u>13,474,884</u>	<u>15,005,587</u>
Creditors: Amounts falling due after more than one year	12	<u>(3,249,863)</u>	<u>(4,383,927)</u>
Provisions for liabilities	8	<u>(1,720,000)</u>	<u>(1,555,000)</u>
Net assets		<u>8,505,021</u>	<u>9,066,660</u>
Capital and reserves			
Called up share capital	14	9,999	9,999
Capital redemption reserve		1	1
Profit and loss account		<u>8,495,021</u>	<u>9,056,660</u>
Total equity		<u>8,505,021</u>	<u>9,066,660</u>

Approved and authorised for issue by the Board on 5/3/24 and signed on its behalf by:



A Ward

Director

Warwick Ward (Machinery) Limited

Statement of Changes in Equity for the Year Ended 30 September 2023

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 October 2022	9,999	1	9,056,660	9,066,660
Profit for the year	-	-	478,857	478,857
Total comprehensive income	-	-	478,857	478,857
Dividends	-	-	(1,040,496)	(1,040,496)
At 30 September 2023	9,999	1	8,495,021	8,505,021

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 October 2021	9,999	1	7,259,360	7,269,360
Profit for the year	-	-	1,797,300	1,797,300
Total comprehensive income	-	-	1,797,300	1,797,300
At 30 September 2022	9,999	1	9,056,660	9,066,660

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2023

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, 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.

Revenue from the sale of goods is recognised when the customer takes delivery of the goods or, otherwise, where the company has substantially discharged its performance obligations under the sale and control of the goods has passed to the customer through payment for the goods.

Revenue from the servicing and maintenance of machines is recognised by reference to the stage of completion, which is measured by performance of the service against an expected programme of service.

Revenue from the hire of machines is recognised in the period to which the provision of hire relates.

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

1 Accounting policies (continued)

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.

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.

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

1 Accounting policies (continued)

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.

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 2023 (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.

2 Revenue

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

	2023 £	2022 £
Machines and parts	45,543,051	44,614,323
Hire and servicing	5,689,531	5,149,797
	<u>51,232,582</u>	<u>49,764,120</u>

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

	2023 £	2022 £
UK	46,571,251	46,519,697
Europe	3,267,515	2,644,051
Rest of world	1,393,816	600,372
	<u>51,232,582</u>	<u>49,764,120</u>

3 Operating profit

Arrived at after charging/(crediting):

	2023 £	2022 £
Foreign exchange losses/(gains)	5,894	(4,779)
Profit on disposal of tangible fixed assets	(574,236)	(522,713)
Depreciation of owned assets	347,747	300,055
Depreciation of assets held under finance lease and hire purchase contracts	<u>872,269</u>	<u>823,834</u>

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

4 Interest payable and similar charges

	2023 £	2022 £
Interest on obligations under finance leases and hire purchase contracts	292,999	307,222
Other interest	1,114,675	311,172
	<u>1,407,674</u>	<u>618,394</u>

5 Auditors' remuneration

	2023 £	2022 £
Audit of the financial statements	<u>20,000</u>	<u>15,500</u>
Other fees to auditors		
Taxation compliance services	21,375	6,500
All other non-audit services	26,800	25,450
	<u>48,175</u>	<u>31,950</u>

6 Staff costs

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

	2023 £	2022 £
Wages and salaries	4,693,630	4,164,882
Social security costs	535,134	483,611
Pension costs, defined contribution scheme	238,206	181,438
	<u>5,466,970</u>	<u>4,829,931</u>

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

	2023 No.	2022 No.
Production	60	57
Administration and support	64	59
	<u>124</u>	<u>116</u>

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023 £	2022 £
Remuneration	206,806	32,723
Contributions paid to money purchase schemes	71,112	60,214
	<u>277,918</u>	<u>92,937</u>

In respect of the highest paid director:

	2023 £	2022 £
Remuneration	47,128	17,583
Company contributions to money purchase pension schemes	<u>31,500</u>	<u>25,773</u>

8 Taxation

Tax charged/(credited) in the income statement:

	2023 £	2022 £
Current taxation		
UK corporation tax	34,000	225,000
UK corporation tax adjustment to prior periods	<u>689</u>	<u>(727)</u>
	34,689	224,273
Deferred taxation		
Arising from origination and reversal of timing differences	<u>165,000</u>	<u>285,000</u>
Tax expense in the income statement	<u>199,689</u>	<u>509,273</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2022 - higher than the standard rate of corporation tax in the UK) of 22% (2022 - 19%).

The differences are reconciled below:

	2023 £	2022 £
Profit before tax	<u>678,546</u>	<u>2,306,573</u>
Corporation tax at standard rate	149,280	438,249
Effect of expense not deductible in determining taxable profit	30,458	8,062
Deferred tax calculated at 25%	19,527	68,234
Other tax effects	<u>424</u>	<u>(5,272)</u>
Total tax charge	<u>199,689</u>	<u>509,273</u>

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

8 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

	Liability £
2023	
Excess of capital allowances over depreciation	<u>1,720,000</u>
2022	
Excess of capital allowances over depreciation	<u>1,555,000</u>

Deferred tax has been calculated using a tax rate of 25% (2022 - 25%).

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2023 (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 2022	842,728	10,621,245	341,485	290,066	567,757	12,663,281
Additions	81,795	3,389,192	26,418	55,004	168,999	3,721,408
Disposals	-	(3,595,040)	-	(800)	(222,353)	(3,818,193)
At 30 September 2023	924,523	10,415,397	367,903	344,270	514,403	12,566,496
Depreciation						
At 1 October 2022	300,358	1,380,307	268,174	146,736	353,058	2,448,633
Charge for the year	17,742	1,037,334	33,363	40,748	90,829	1,220,016
Eliminated on disposal	-	(608,602)	-	(800)	(209,823)	(819,225)
At 30 September 2023	318,100	1,809,039	301,537	186,684	234,064	2,849,424
Carrying amount						
At 30 September 2023	606,423	8,606,358	66,366	157,586	280,339	9,717,072
At 30 September 2022	542,370	9,240,938	73,311	143,330	214,699	10,214,648

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2023 (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:

	2023 £	2022 £
Hire machinery	6,511,342	6,879,861
Motor vehicles	130,174	20,533
Plant and machinery	21,750	30,450
	<u>6,663,266</u>	<u>6,930,844</u>

10 Stocks

	2023 £	2022 £
Goods for resale	<u>31,223,963</u>	<u>22,382,924</u>

11 Debtors

	2023 £	2022 £
Trade debtors	3,292,734	3,902,517
Amounts owed by group undertakings	40,697	40,677
Directors loan accounts	-	295,449
Other debtors	1,425,472	1,333,316
Prepayments and accrued income	<u>2,557,007</u>	<u>3,589,519</u>
	<u>7,315,910</u>	<u>9,161,478</u>

Within trade creditors and prepayments is £2,406,175 (2022 - £3,071,504) 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

£1,158,401 (2022 - £1,005,415) of other debtors is classified as non current.

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

12 Creditors

	2023 £	2022 £
Due within one year		
Other borrowings	7,024,299	3,971,496
Obligations under finance lease and hire purchase contracts	2,235,231	2,525,786
Trade creditors	24,813,810	20,931,317
Corporation tax	30,609	221,609
Other taxes and social security	299,086	245,306
Other creditors	668,479	772,629
Accruals and deferred income	1,533,484	1,884,165
	<u>36,604,998</u>	<u>30,552,308</u>
Due after one year		
Obligations under finance lease and hire purchase contracts	2,091,462	3,378,512
Other creditors	1,158,401	1,005,415
	<u>3,249,863</u>	<u>4,383,927</u>

Within other borrowings due within one year is £3,577,143 (2022 - £1,946,094) due under a stock finance arrangement secured on certain of the company's stock. Interest is paid at a rate of SONIA plus 3.7%.

Within other borrowings due within one year is £3,447,156 (2022 - £2,025,402) due under a second stock finance arrangement secured on certain of the company's stock. Interest is paid at a rate of 3.5% over the Bank of England base rate.

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

Within trade creditors and prepayments is £2,406,175 (2022 - £3,071,504) 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:

	2023 £	2022 £
Not later than one year	2,364,837	2,713,248
Later than one year and not later than five years	2,126,864	3,568,439
	<u>4,491,701</u>	<u>6,281,687</u>

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

13 Obligations under leases and hire purchase contracts (continued)

Operating leases

The total of future minimum lease payments is as follows:

	2023 £	2022 £
Not later than one year	443,377	299,076
Later than one year and not later than five years	899,174	560,545
Later than five years	-	113,509
	<u>1,342,551</u>	<u>973,130</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £619,537 (2022 - £370,637).

14 Share capital

Allotted, called up and fully paid shares

	No.	2023 £	No.	2022 £
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 £238,206 (2022 - £181,438).

Contributions totalling £24,448 (2022 - £42,729) 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 2023 (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 £113,515 (2022- £261,806) within other creditors due within one year and £1,158,401 (2022- £1,005,415) within other creditors due after more than one year. The company has recognised the residual interests in goods of £1,271,916 (2022- £1,267,221) within other debtors.

17 Contingent liabilities

The company has given a guarantee in respect of loan notes issued by the Warwick Ward Employee Ownership Trust ("EOT"). At the balance sheet date, the amount guaranteed was £8,483,051.

The company has given a cross company guarantee with Warwick Ward (Holdings) Limited and Warwick Ward EOT Limited in connection with a bank loan provided to the EOT by Virgin Money. At the balance sheet date, the amount guaranteed was £3,733,336.

18 Related party transactions

Loans to related parties

	Parent company £
2023	
At start of period	40,667
Advanced	20
At end of period	40,687
	Parent company £
2022	
At start of period	40,667
At end of period	40,667

Warwick Ward (Machinery) Limited

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

18 Related party transactions (continued)

Advances or credits granted to directors

	At 1 October 2022 £	Advances to directors £	Repayments by director £	At 30 September 2023 £
2023				
A Ward				
Amounts due from/(to) director	149,440	120,000	(269,440)	-
M Ward				
Amounts due from/(to) director	146,009	120,000	(266,009)	-

19 Control

The company's immediate parent undertaking is Warwick Ward (Holdings) Limited, a company registered in England and Wales.

The parent of the smallest and largest group for which consolidated financial statements are drawn up and of which the company is a member is Warwick Ward (Holdings) Limited. The consolidated financial statements of Warwick Ward (Holdings) Limited can be obtained from Companies House.

The company's ultimate controlling party is the Warwick Ward Employee Ownership Trust, by virtue of its majority shareholding in Warwick Ward (Holdings) Limited, which it holds in trust for the employees of the company.