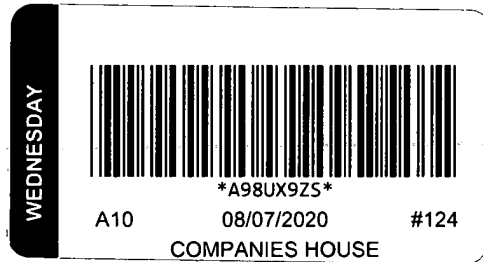


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RUSSELL'S (KIRBYMOORSIDE) LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019

Fortus Audit LLP
Chartered Accountants
& Statutory Auditors
62/63 Westborough
Scarborough
North Yorkshire
YO11 1TS

RUSSELL'S (KIRBYMOORSIDE) LIMITED

COMPANY INFORMATION
For The Year Ended 31 October 2019

DIRECTORS:

Mr H E Shaw
Maj J Shaw
Mr W G P Shaw
Mr T P Russell
Mr R N Whitehead
Mr D Ward

SECRETARY:

Mr D Ward

REGISTERED OFFICE:

Eden Works
Old Malton
MALTON
North Yorkshire
YO17 6RD

REGISTERED NUMBER:

00178738 (England and Wales)

AUDITORS:

Fortus Audit LLP
Chartered Accountants
& Statutory Auditors
62/63 Westborough
Scarborough
North Yorkshire
YO11 1TS

RUSSELL'S (KIRBYMOORSIDE) LIMITED
STRATEGIC REPORT
For The Year Ended 31 October 2019

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

REVIEW OF BUSINESS & KEY PERFORMANCE INDICATORS

The principal activity of the company continues to be the sale and servicing of agricultural and groundcare machinery and associated accessories and the directors identify the prosperity of these sectors as significant factors influencing the performance of the company and are committed to meeting the challenge of operating within these markets.

The directors consider turnover, gross profit, profit before taxation and amounts added to reserves are the financial key performance indicators, consideration of which are necessary for an understanding of the development, performance and position of the company's business. The company has invested in a larger depot at the cubley site to improve overall performance by increasing the range of products that the depot is able to provide, cater for a larger geographical sales area and offer an increased level of service by having enhanced workshop facilities available.

During the financial year:

- Turnover increased by 4.5% to £58,888,746 (2018: £56,329,154); and
- Gross profit increased by 9.9% to £8,699,478 (2018: £7,913,457); and
- Profit before taxation increased by 2.7% to £921,175 (2018: £897,112); and
- Comprehensive income added to the reserves increased by 2.9% to £572,757 (2018: £556,866). The amount transferred annually to/from reserves is subject to adjustments required to restate the annual cost, assets and liabilities of the company's defined benefit pension scheme in accordance with Financial Reporting Standard 102. The required disclosure is included as note 22 to the accounts.

Other relevant key performance indicators include:

Ratio summary

	2019	2018
Gross profit	14.77%	14.05%
Net profit	1.56%	1.59%
Liquidity	110.16%	120.20%
Trading	42.07%	31.07%
Gearing	16.33%	17.32%

COVID-19 AND ITS IMPACT ON THE BUSINESS

COVID-19 is affecting all businesses and individuals but the critical implications for individual companies may differ, as will their plans to mitigate some of the effects, their capacity to follow these plans and the level of resources available to withstand the effects that remain. The Board has been continually reviewing the impact of the virus and the Government's guidance on tackling it on the business but acknowledges that these assessments are significantly more difficult currently, given the uncertainties about the impact of COVID-19, the extent and duration of social distancing measures, the impact on the economy and asset prices generally.

In mitigation, the Company has introduced :

Social distancing measures at all depots to protect both employees and customers which include :

- Implementation of IT upgrades so that where possible, all employees who could work from home are able to do so;
 - Closure of staff canteens and other areas where employees may gather together with introduction of new policies on social distancing within the workplace;
 - Employee temperature testing to identify and self-isolate any potential cases; and
 - Introduction of new policies for contact with customers including parts collection and equipment servicing.
- Regular discussions with the Company's bankers and other financiers to provide updates on the Company's current trading position and future expectations. The Company has received support from all relevant parties to ensure access to relevant and sufficient credit facilities, if required.

RUSSELL'S (KIRBYMOORSIDE) LIMITED

STRATEGIC REPORT For The Year Ended 31 October 2019

-Where appropriate, furloughed employees and utilised the Government's Coronavirus Job Retention Scheme.

The Board has considered and continues to monitor the potential impact of these matters on the company's specific circumstances. Particular attention has and will continue to be devoted to securing adequate funding, including access to existing and new financing facilities. The Board is confident that the measures implemented to date will enable the Company to continue to provide the level of service that our customers expect.

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks to the Company include:

Commercial and market environment

Changes in customer spending or other external factors could lead to sales delays or cancellations. External factors include national or market trends, political or regulatory change (including the UK's exit from the EU). Although the wider implications of Brexit are difficult to predict, an unfavourable Brexit outcome could adversely impact customer confidence as changes in policy in respect of agriculture could have a significant impact on both our business and that of our customers. Lower than anticipated demand could result in increased competition, tighter margins and the transfer of commercial and financial risk down the supply chain together with an adverse impact on revenues, profits, overhead recovery and cash generation.

In mitigation, the Company undertakes :

- Regular reviews of market trends to ensure actual and anticipated impacts from macroeconomic risks are minimised and managed effectively; and
- Regular monitoring and reporting of financial performance, orders secured, prospects and marshalling of market opportunities is undertaken on a coordinated basis; and
- Close engagement with both customers and suppliers and monitoring of payment cycles.

Supply chain

The Company is reliant on certain key supply chain partners for the successful completion of sales to meet customers' expectations. The failure of a key supplier or a breakdown in relationships with a key supplier could result in some short-term delay and disruption to the Company's operations which may have a negative impact on the Company's reputation, thereby adversely impacting financial performance.

In mitigation, the Company has :

- Initiatives in place to select supply chain partners that match our expectations in terms of quality, sustainability and commitment to customer service; and
- Strong relationships with key suppliers including a programme of regular meetings and reviews; and
- Ongoing reassessment of the strategic value of supply relationships and the potential to utilise alternative arrangements.

People

The ability to identify, attract, develop and retain talent is crucial to satisfy the current and future needs of the Company. Skills shortages are likely to remain an issue for the foreseeable future and it can become increasingly difficult to recruit capable people and retain key employees, especially those targeted by competitors. The loss of key people could adversely impact the Company's existing market position and reputation.

In mitigation, the Company has :

- Obtained External HR support in 2019 and the Company's employment policies and people strategy were refreshed; and
- Annual appraisal process providing two-way feedback on performance undertaken with employees to highlight opportunities for additional training; and
- Attractive remuneration packages benchmarked against competitors in our industry, where possible; and

RUSSELL'S (KIRBYMOORSIDE) LIMITED

**STRATEGIC REPORT
For The Year Ended 31 October 2019**

- Trainee and apprenticeship schemes in place to safeguard an inflow of new talent; and
- Improved internal communications in 2019.

Health and safety

Employees of the Company work in potentially hazardous situations, which require continuous monitoring and management of health and safety risks. Ineffective governance over and management of these risks could result in serious injury, death and damage to property or equipment. A serious health and safety incident could lead to the potential for legal proceedings, regulatory intervention and potential loss of reputation. Continued changes in legislation can result in increased risks to both individuals and the Company.

In mitigation, the Company has :

- External SHE consultants who provide support and training to senior management together with undertaking regular safety audits; and
- Established safety systems, site visits, safety audits, monitoring and reporting, and detailed health and safety policies and procedures in place which focus on prevention and risk reduction and elimination; and
- SHE issues and risks are continually monitored at all sites and are reviewed on a monthly basis by senior management; and
- Thorough and regular employee training programmes; and
- Regular reporting of, and investigation and root cause analysis of accidents and near misses.

Information technology

Technology failure, cyber attack or property damage could lead to IT disruption with resultant loss of confidential data, loss of system functionality and business interruption together with a negative reputational impact and potential breaches of regulations. The Company's core IT systems must be managed effectively, to avoid interruptions, keep pace with new technologies and respond to threats to data and security.

In mitigation, the Company undertakes :

- Significant investments in IT systems which are subject to board approval, including anti-virus software, off-site and on-site backups, and software maintenance agreements; and
- Robust business continuity planning on a systematic basis; and
- Data protection and information security policies are in place across the Company and have been updated for GDPR; and
- Cyber threats and how they manifest themselves are communicated regularly to all employees (including practical guidance on how to respond to perceived risks); and
- Insurance covers certain losses and is reviewed annually to establish further opportunities for affordable risk transfer with revised cover being purchased in 2019 to reduce the financial impact of this risk.

ON BEHALF OF THE BOARD:



Mr D Ward - Secretary

17 June 2020

RUSSELL'S (KIRBYMOORSIDE) LIMITED

**REPORT OF THE DIRECTORS
For The Year Ended 31 October 2019**

The directors present their report with the financial statements of the company for the year ended 31 October 2019.

DIVIDENDS

The total distribution of dividends for the year ended 31 October 2019 will be £110,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 November 2018 to the date of this report.

Mr H E Shaw
Maj J Shaw
Mr W G P Shaw
Mr T P Russell
Mr R N Whitehead
Mr D Ward

Other changes in directors holding office are as follows:

Mr J R Archer - resigned 28 April 2019

INSURANCE

The company has purchased directors' and officers' liability insurance on behalf of the directors at a cost of £1,603 (2018 - £1,492).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RUSSELL'S (KIRBYMOORSIDE) LIMITED

**REPORT OF THE DIRECTORS
For The Year Ended 31 October 2019**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:



Mr D Ward - Secretary

17 June 2020

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
RUSSELL'S (KIRBYMOORSIDE) LIMITED**

Opinion

We have audited the financial statements of Russell's (Kirbymoorside) Limited (the 'company') for the year ended 31 October 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 31 October 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
RUSSELL'S (KIRBYMOORSIDE) LIMITED**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 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.

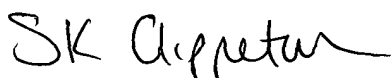
Auditors' responsibilities for the audit of the financial statements

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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.



Sharon Clipperton BA FCA (Senior Statutory Auditor)
for and on behalf of Fortus Audit LLP
Chartered Accountants
& Statutory Auditors
62/63 Westborough
Scarborough
North Yorkshire
YO11 1TS

17 June 2020

RUSSELL'S (KIRBYMOORSIDE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 31 October 2019

	Notes	2019		2018	
		£	£	£	£
TURNOVER	2		58,888,746		56,329,154
Cost of sales			50,189,268		48,415,697
GROSS PROFIT			8,699,478		7,913,457
Administrative expenses			7,481,437		6,954,701
			1,218,041		958,756
Other operating income			132,197		165,495
OPERATING PROFIT	4		1,350,238		1,124,251
Interest receivable and similar income		19,279		-	
Other finance income	22	3,000		4,000	
			22,279		4,000
			1,372,517		1,128,251
Interest payable and similar expenses	5		451,342		231,139
PROFIT BEFORE TAXATION			921,175		897,112
Tax on profit	6		178,718		192,986
PROFIT FOR THE FINANCIAL YEAR			742,457		704,126
OTHER COMPREHENSIVE LOSS					
Actuarial (loss)/gain			(73,000)		(46,000)
Movement in deferred tax relating to actuarial (loss)/gain			13,300		8,740
Income tax relating to components of other comprehensive loss			-		-
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX			(59,700)		(37,260)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			682,757		666,866


The notes form part of these financial statements

RUSSELL'S (KIRBYMOORSIDE) LIMITED (REGISTERED NUMBER: 00178738)

**BALANCE SHEET
31 October 2019**

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Intangible assets	8		-		-
Tangible assets	9		8,588,377		6,916,805
Investment property	10		-		125,000
			<u>8,588,377</u>		<u>7,041,805</u>
CURRENT ASSETS					
Stocks	11	21,113,330		15,045,011	
Debtors	12	7,134,343		7,319,563	
Cash in hand		17,278		576	
			<u>28,264,951</u>		<u>22,365,150</u>
CREDITORS					
Amounts falling due within one year	13	25,659,187		18,606,444	
			<u>2,605,764</u>		<u>3,758,706</u>
NET CURRENT ASSETS					
			<u>11,194,141</u>		<u>10,800,511</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
CREDITORS					
Amounts falling due after more than one year	14		(2,035,752)		(2,368,064)
			(441,799)		(345,314)
PROVISIONS FOR LIABILITIES					
	19		29,970		86,670
PENSION ASSET					
	22		<u>8,746,560</u>		<u>8,173,803</u>
NET ASSETS					
CAPITAL AND RESERVES					
Called up share capital	20		110,000		110,000
Retained earnings	21		8,636,560		8,063,803
			<u>8,746,560</u>		<u>8,173,803</u>
SHAREHOLDERS' FUNDS					

The financial statements were approved by the Board of Directors and authorised for issue on 17 June 2020 and were signed on its behalf by:



Mr T P Russell - Director

The notes form part of these financial statements

RUSSELL'S (KIRBYMOORSIDE) LIMITED

**STATEMENT OF CHANGES IN EQUITY
For The Year Ended 31 October 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 November 2017	110,000	7,506,937	7,616,937
Changes in equity			
Dividends	-	(110,000)	(110,000)
Total comprehensive income	-	666,866	666,866
Balance at 31 October 2018	<u>110,000</u>	<u>8,063,803</u>	<u>8,173,803</u>
Changes in equity			
Dividends	-	(110,000)	(110,000)
Total comprehensive income	-	682,757	682,757
Balance at 31 October 2019	<u><u>110,000</u></u>	<u><u>8,636,560</u></u>	<u><u>8,746,560</u></u>

The notes form part of these financial statements

RUSSELL'S (KIRBYMOORSIDE) LIMITED

CASH FLOW STATEMENT
For The Year Ended 31 October 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	2,261,606	2,425,035
Interest paid		(388,652)	(199,222)
Interest element of hire purchase payments paid		(62,690)	(31,917)
Tax paid		(213,792)	(223,685)
Net cash from operating activities		<u>1,596,472</u>	<u>1,970,211</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(3,385,645)	(3,737,559)
Sale of tangible fixed assets		860,385	420,984
Sale of investment property		110,624	-
Interest received		19,279	-
Net cash from investing activities		<u>(2,395,357)</u>	<u>(3,316,575)</u>
Cash flows from financing activities			
New hire purchase in year		637,147	1,740,905
Loan repayments in year		(146,439)	(144,168)
New loans in year		1,565,842	-
Capital repayments in year		(748,607)	(377,652)
Equity dividends paid		(110,000)	(110,000)
Net cash from financing activities		<u>1,197,943</u>	<u>1,109,085</u>
Increase/(decrease) in cash and cash equivalents		<u>399,058</u>	<u>(237,279)</u>
Cash and cash equivalents at beginning of year	2	<u>(1,995,924)</u>	<u>(1,758,645)</u>
Cash and cash equivalents at end of year	2	<u><u>(1,596,866)</u></u>	<u><u>(1,995,924)</u></u>

The notes form part of these financial statements

RUSSELL'S (KIRBYMOORSIDE) LIMITED

**NOTES TO THE CASH FLOW STATEMENT
For The Year Ended 31 October 2019**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019	2018
	£	£
Profit before taxation	921,175	897,112
Depreciation charges	1,193,751	916,477
Profit on disposal of fixed assets	(325,687)	(5,430)
Finance costs	451,342	231,139
Finance income	(22,279)	(4,000)
	<u>2,218,302</u>	<u>2,035,298</u>
Increase in stocks	(6,068,319)	(4,106,117)
Decrease/(increase) in trade and other debtors	185,220	(765,146)
Increase in trade and other creditors	5,926,403	5,261,000
	<u>2,261,606</u>	<u>2,425,035</u>
Cash generated from operations	<u><u>2,261,606</u></u>	<u><u>2,425,035</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 October 2019

	31.10.19	1.11.18
	£	£
Cash and cash equivalents	17,278	576
Bank overdrafts	(1,614,144)	(1,996,500)
	<u>(1,596,866)</u>	<u>(1,995,924)</u>

Year ended 31 October 2018

	31.10.18	1.11.17
	£	£
Cash and cash equivalents	576	2,263
Bank overdrafts	(1,996,500)	(1,760,908)
	<u>(1,995,924)</u>	<u>(1,758,645)</u>

3. MAJOR NON-CASH TRANSACTIONS

The total of new finance leases and hire purchase contracts during the year was £937,147 (2018 - £1,740,905).

The notes form part of these financial statements

RUSSELL'S (KIRBYMOORSIDE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 October 2019**

1. ACCOUNTING POLICIES

General information and basis of preparation

Russell's (Kirbymoorside) Limited is a private company limited by shares incorporated in England, United Kingdom. The address of the registered office is given in the company information on page 1 of these financial statements. The nature of the company's operations and principal activities are the retailing and servicing of agricultural and ground care machinery.

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the company.

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

Critical accounting judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. Provisions in respect of both wholegoods and parts stock are included in the financial statements. Management assess stock on the basis of the amount of time it has been held by the company and on the basis of amount recoverable.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The policies adopted for the recognition of turnover are as follows:

Sale of goods

Turnover from the sale of goods, both machinery and parts, is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually upon dispatch of the goods and with the issue of the associated invoice to the buyer.

Rendering of services

Turnover from the servicing of machinery is recognised upon completion of the service process and with the issue of the associated invoice to the customer.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2006, has been amortised evenly over its estimated useful life of ten years.

RUSSELL'S (KIRBYMOORSIDE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 October 2019

1. **ACCOUNTING POLICIES - continued**

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2.5% on cost
Plant and machinery	- At varying rates (see below)
Fixtures and fittings	- 5 to 10% on cost
Motor vehicles	- 20% to 25% on cost

Assets are recorded at cost less depreciation and any impairment.

Included within plant and machinery is a fleet of items which are available for hire. These items are depreciated at a variable rate relative to the amount of hire income generated, thereby trying to align the loss in value with usage. All plant and machinery which is not available for hire is depreciated at between 10 and 20% on cost.

Assets under construction or development for future operating activities are not depreciated

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Taxation

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. 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 expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are 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.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax on revalued non-depreciable tangible fixed assets and investment properties is measured using the rates and allowances that apply to the sale of the asset.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

RUSSELL'S (KIRBYMOORSIDE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 October 2019

1. **ACCOUNTING POLICIES - continued**

Hire purchase and leasing commitments

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The company operates defined contribution plans for the benefit of its employees and directors. Contributions are expensed as they become payable.

The company also operates a defined benefit plan for some employees and directors, although the plan closed to future accrual on 31 May 2016. Full disclosure is given in note 22 to the financial statements. A liability for the company's obligations under the plan is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs.

2. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2019	2018
	£	£
Sales of goods	53,080,930	51,042,956
Rendering of services	5,807,816	5,286,198
	<u>58,888,746</u>	<u>56,329,154</u>

RUSSELL'S (KIRBYMOORSIDE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 October 2019**

3. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	5,018,798	4,571,170
Social security costs	543,183	488,873
Pension costs	185,302	169,733
	5,747,283	5,229,776

The average monthly number of employees during the year was as follows:

	2019	2018
Management and administration	28	24
Sales	57	47
Service	70	66
	155	137

	2019	2018
	£	£
Directors' remuneration	362,994	330,661
Directors' pension contributions to money purchase schemes	5,684	19,674
	368,678	350,335

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	3	3
------------------------	---	---

Information regarding the highest paid director is as follows:

	2019	2018
	£	£
Emoluments etc	192,847	194,455
Pension contributions to money purchase schemes	-	3,218
	192,847	197,673

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2019	2018
	£	£
Depreciation - owned assets	581,569	450,856
Depreciation - assets on hire purchase contracts	612,182	465,621
Profit on disposal of fixed assets	(325,687)	(5,430)
Auditors remuneration	14,000	15,500
Auditors remuneration in respect of associated pension schemes	3,035	2,950
Operating lease cost - motor vehicles	13,054	18,078
Income from operating leases - plant & machinery	(1,163,524)	(689,273)
	(228,421)	(182,701)

RUSSELL'S (KIRBYMOORSIDE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 October 2019**

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Bank interest	86,049	67,708
Other interest	302,603	131,514
Hire purchase and finance lease	62,690	31,917
	<u>451,342</u>	<u>231,139</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019	2018
	£	£
Current tax:		
UK corporation tax	82,233	213,792
Under/(over)provision in prior year	-	6,259
Total current tax	<u>82,233</u>	<u>220,051</u>
Deferred tax:		
Origination and reversal of timing differences	96,485	(26,335)
Effect of changes in tax rate	-	(730)
Total deferred tax	<u>96,485</u>	<u>(27,065)</u>
Tax on profit	<u>178,718</u>	<u>192,986</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018
	£	£
Profit before tax	<u>921,175</u>	<u>897,112</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	175,023	170,451
Effects of:		
Expenses not deductible for tax purposes	802	646
Depreciation in excess of capital allowances	3,463	17,120
Adjustments to tax charge in respect of previous periods	-	6,259
Pension cost relief in excess of pension cost charge	(570)	(1,490)
Total tax charge	<u>178,718</u>	<u>192,986</u>

RUSSELL'S (KIRBYMOORSIDE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 October 2019

6. TAXATION - continued

Tax effects relating to effects of other comprehensive income

	Gross £	2019 Tax £	Net £
Actuarial (loss)/gain	(73,000)	-	(73,000)
Movement in deferred tax relating to actuarial (loss)/gain	13,300	-	13,300
	<u>(59,700)</u>	<u>-</u>	<u>(59,700)</u>
	Gross £	2018 Tax £	Net £
Actuarial (loss)/gain	(46,000)	-	(46,000)
Movement in deferred tax relating to actuarial (loss)/gain	8,740	-	8,740
	<u>(37,260)</u>	<u>-</u>	<u>(37,260)</u>

7. DIVIDENDS

	2019 £	2018 £
Final	<u>110,000</u>	<u>110,000</u>

8. INTANGIBLE FIXED ASSETS

COST

At 1 November 2018
and 31 October 2019

Goodwill
£

185,000

AMORTISATION

At 1 November 2018
and 31 October 2019

185,000

NET BOOK VALUE

At 31 October 2019

-

At 31 October 2018

-

RUSSELL'S (KIRBYMOORSIDE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 October 2019**

9. TANGIBLE FIXED ASSETS

	Freehold property £	Assets under construction £	Plant and machinery £
COST			
At 1 November 2018	3,819,283	1,017,364	2,545,540
Additions	23,310	1,560,756	1,388,749
Disposals	(150,000)	-	(594,163)
	3,692,593	2,578,120	3,340,126
At 31 October 2019	3,692,593	2,578,120	3,340,126
DEPRECIATION			
At 1 November 2018	576,925	-	965,627
Charge for year	65,208	-	756,622
Eliminated on disposal	-	-	(249,043)
	642,133	-	1,473,206
At 31 October 2019	642,133	-	1,473,206
NET BOOK VALUE			
At 31 October 2019	3,050,460	2,578,120	1,866,920
At 31 October 2018	3,242,358	1,017,364	1,579,913
	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 November 2018	98,050	2,083,878	9,564,115
Additions	63,962	348,868	3,385,645
Disposals	-	(240,728)	(984,891)
	162,012	2,192,018	11,964,869
At 31 October 2019	162,012	2,192,018	11,964,869
DEPRECIATION			
At 1 November 2018	46,668	1,058,090	2,647,310
Charge for year	11,779	360,142	1,193,751
Eliminated on disposal	-	(215,526)	(464,569)
	58,447	1,202,706	3,376,492
At 31 October 2019	58,447	1,202,706	3,376,492
NET BOOK VALUE			
At 31 October 2019	103,565	989,312	8,588,377
At 31 October 2018	51,382	1,025,788	6,916,805

Included in cost of land and buildings is freehold land of £1,598,929 (2018 - £1,648,929) which is not depreciated.

Tangible fixed assets with a net book value of £5,555,296 (2018 - £4,492,987) have been pledged as security for liabilities of the company. These assets have restricted title.

RUSSELL'S (KIRBYMOORSIDE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 October 2019

9. TANGIBLE FIXED ASSETS - continued

The net book value of tangible fixed assets includes £1,444,602 (2018- £1,317,898) in respect of assets held under hire purchase contracts.

Tangible fixed assets held for use in operating leases comprise cost £2,309,317 (2018 - £1,830,999) and accumulated depreciation £1,024,550 (2018 - £523,059).

10. INVESTMENT PROPERTY

	Total £
FAIR VALUE	
At 1 November 2018	125,000
Disposals	<u>(125,000)</u>
At 31 October 2019	-
NET BOOK VALUE	
At 31 October 2019	<u>-</u>
At 31 October 2018	<u><u>125,000</u></u>

The investment property was subject to valuation by an independent, professional firm of valuers that has relevant experience in the location and class of investment property being revalued.

During the year, the property was disposed for a sum of £110,624.

11. STOCKS

	2019 £	2018 £
Work-in-progress	442,119	552,828
Finished goods	<u>20,671,211</u>	<u>14,492,183</u>
	<u><u>21,113,330</u></u>	<u><u>15,045,011</u></u>

Inventories recognised as an expense in the year amounted to £50,189,268 (2018 - £48,415,697)

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	6,709,547	6,699,046
Other debtors	140,037	114,800
Prepayments and accrued income	<u>284,759</u>	<u>505,717</u>
	<u><u>7,134,343</u></u>	<u><u>7,319,563</u></u>

RUSSELL'S (KIRBYMOORSIDE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 October 2019**

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Bank loans and overdrafts (see note 15)	3,328,661	2,141,488
Hire purchase contracts (see note 16)	653,034	582,308
Trade creditors	19,634,277	13,834,874
Taxation	82,233	213,792
Social security and other taxes	710,226	167,680
Directors' current accounts	260,000	260,000
Accruals and deferred income	990,756	1,406,302
	<u>25,659,187</u>	<u>18,606,444</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Bank loans (see note 15)	936,388	1,086,514
Hire purchase contracts (see note 16)	1,099,364	1,281,550
	<u>2,035,752</u>	<u>2,368,064</u>

15. LOANS

An analysis of the maturity of loans is given below:

	2019	2018
	£	£
<i>Amounts falling due within one year or on demand:</i>		
Bank overdrafts	1,614,144	1,996,500
Bank loans	1,714,517	144,988
	<u>3,328,661</u>	<u>2,141,488</u>
 <i>Amounts falling due between one and two years:</i>		
Bank loans	<u>148,675</u>	<u>147,098</u>
 <i>Amounts falling due between two and five years:</i>		
Bank loans	<u>446,025</u>	<u>467,124</u>
 <i>Amounts falling due in more than five years:</i>		
Repayable by instalments		
Bank loans	<u>341,688</u>	<u>472,292</u>

RUSSELL'S (KIRBYMOORSIDE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 October 2019

15. LOANS - continued

The company has five bank loans, the details and repayments of which are as follows:

Account	Maturity date	Repayment	Interest rate
Business loan	31 May 2020	£1,569,049 in total	Base rate + 1.95%
Business loan	7 January 2021	£4,258 per month	Base rate + 1.95%
Agricultural mortgage	13 March 2026	£31,499 per annum	Base rate + 1.1%
Agricultural mortgage	5 May 2026	£9,469 per quarter	Base rate + 1.35%
Business loan	8 August 2026	£4,419 per month	Base rate + 2.1%

The business loan due to mature on 31 May 2020 was for the development of the larger Cubley depot and will be converted into an agricultural mortgage at that date, the maturity date and interest rate to be agreed nearer that date.

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2019	2018
	£	£
Net obligations repayable:		
Within one year	653,034	582,308
Between one and five years	1,099,364	1,281,550
	<u>1,752,398</u>	<u>1,863,858</u>
	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	9,958	39,930
Between one and five years	292,408	170,083
	<u>302,366</u>	<u>210,013</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	2019	2018
	£	£
Bank overdrafts	1,614,144	1,996,500
Bank loans	2,650,905	1,231,502
Hire purchase contracts	1,752,398	1,863,858
	<u>6,017,447</u>	<u>5,091,860</u>

The bank loans and overdraft are secured by means of a legal charge over the company's freehold and investment properties and a debenture over the other assets and undertakings of the company.

RUSSELL'S (KIRBYMOORSIDE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 October 2019**

18. FINANCIAL INSTRUMENTS

	2019 £	2018 £
Financial assets that are debt instruments measured at amortised cost		
Cash in hand	17,278	576
Debtors (note 12)	7,134,343	7,319,563
Financial liabilities measured at amortised cost		
Creditors due within one year (note 13)	(25,659,187)	(18,606,444)
Creditors due after one year (note 14)	(2,035,752)	(2,368,064)

19. PROVISIONS FOR LIABILITIES

	2019 £	2018 £
Deferred taxation	<u>441,799</u>	<u>345,314</u>
		Deferred tax £
Balance at 1 November 2018		345,314
Increase in accelerated capital allowances		49,715
Release of revaluation of investment property		(9,435)
Increase in rolled over property gains		56,205
Balance at 31 October 2019		<u>441,799</u>
	2019 £	2018 £
Accelerated capital allowances	134,450	84,735
Rolled over gains	307,349	251,144
Revaluation of investment property	-	9,435
	<u>441,799</u>	<u>345,314</u>

20. CALLED UP SHARE CAPITAL

Allotted and issued:			2019 £	2018 £
Number:	Class:	Nominal value:		
110,000	Ordinary	£1	<u>110,000</u>	<u>110,000</u>

RUSSELL'S (KIRBYMOORSIDE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 October 2019**

21. RESERVES

	Retained earnings £
At 1 November 2018	8,063,803
Profit for the year	742,457
Dividends	(110,000)
Actuarial gain/(loss)	(73,000)
Movement in deferred taxation relating to actuarial gain/ (loss)	13,300
At 31 October 2019	<u>8,636,560</u>

Retained earnings includes an amount of £Nil (2018 - £49,657) which is non-distributable since it relates to the unrealised surplus on the revaluation of an investment property.

22. EMPLOYEE BENEFIT OBLIGATIONS

The company operates a defined benefit scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. A full actuarial valuation was carried out at 31 May 2016 and updated to 31 October 2019 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

This most recent actuarial valuation showed a deficit of £141,000. The company agreed with the trustees to eliminate the deficit by the payment of an additional contribution of £150,000 in 2017.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2019 £	2018 £
Present value of funded obligations	(6,053,000)	(5,475,000)
Fair value of plan assets	6,090,000	5,582,000
	<u>37,000</u>	<u>107,000</u>
Present value of unfunded obligations	-	-
Surplus	37,000	107,000
Deferred tax liability	(7,030)	(20,330)
Net asset	<u>29,970</u>	<u>86,670</u>

RUSSELL'S (KIRBYMOORSIDE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 October 2019

22. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Current service cost	-	-
Net interest from net defined benefit asset/liability	(3,000)	(4,000)
Past service cost	-	-
	<u>(3,000)</u>	<u>(4,000)</u>
Actual return on plan assets	<u>603,000</u>	<u>(40,000)</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Opening defined benefit obligation	5,475,000	5,554,000
Interest cost	152,000	149,000
Actuarial losses/(gains)	521,000	(147,000)
Benefits paid	(95,000)	(81,000)
	<u>6,053,000</u>	<u>5,475,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Opening fair value of scheme assets	5,582,000	5,703,000
Expected return	155,000	153,000
Actuarial gains/(losses)	448,000	(193,000)
Benefits paid	(95,000)	(81,000)
	<u>6,090,000</u>	<u>5,582,000</u>

RUSSELL'S (KIRBYMOORSIDE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 October 2019

22. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Actuarial gains/(losses)	(73,000)	(46,000)
	<u>(73,000)</u>	<u>(46,000)</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
UK Equities	867,000	804,000
Overseas Equities	1,552,000	1,442,000
Corporate Bonds	2,657,000	2,394,000
Fixed Interest Bonds	731,000	677,000
Index Linked Bonds	56,000	52,000
Property	46,000	43,000
Cash	181,000	170,000
	<u>6,090,000</u>	<u>5,582,000</u>

None of the fair values of the assets shown above include any of the Company's own financial instruments or any property occupied by, or other assets used by, the Company.

Expected long term rates of return:

The long-term expected rate of return on cash is determined by reference to bank base rates at the balance sheet date. The long-term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2019	2018
Discount rate	1.90%	2.80%
Inflation - RPI	2.80%	3.30%
Inflation - CPI	2.00%	2.30%

The mortality assumptions adopted at 31 October 2019 imply the following life expectancies:

Male retiring at age 65 in 2019:	21.8 years
Female retiring at age 65 in 2019:	23.6 years
Male retiring at age 65 in 2039:	23.1 years
Female retiring at age 65 in 2039:	25.2 years

RUSSELL'S (KIRBYMOORSIDE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 October 2019

22. **- continued**

Estimate of contributions to be paid to the scheme:

The best estimate of contributions to be paid by the employer to the scheme for the period beginning after 31 October 2019 is £Nil.

Defined contribution scheme

The company operates defined contribution pension schemes for the benefit of its employees. The assets of those schemes are held separately from those of the company, being invested with insurance companies or the National Employment Savings Trust. The cost to the company for the year was £141,101 (2018 - £151,893). The amount of contributions outstanding at the year end was £23,669 (2018 - £22,431).

23. **CONTINGENT LIABILITIES**

There were no contingent liabilities at 31 October 2019 or 31 October 2018.

24. **CAPITAL COMMITMENTS**

The company had capital commitments at the year end date in respect of land and buildings of approximately £0.1 million (2018 - £1.44 million).

25. **RELATED PARTY DISCLOSURES**

During the year, total dividends of £76,253 (2018 - £76,253) were paid to the directors.

Key management personnel compensation in the year amounted to £356,679 (2018 - £334,336).

Included in creditors is a loan from a related party to the company of £260,000 (2018 - £260,000).

During the year the company made sales to related parties totalling £857,392 (2018 - £302,447) and at the year end the related parties owed the company £30,399 (2018 - £6,323). The company also purchased goods and services from related parties totalling £1,309,062 (2018: 368,885) and at the year end the company owed the related parties £3,136 (2018-£Nil).

All transactions were conducted on an arms length basis.

26. **ULTIMATE CONTROLLING PARTY**

The company is controlled by certain directors who together with their families own the majority of the issued shares.