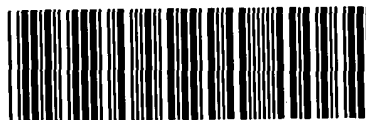


CLAAS Western Limited
(Registered number: 00553902)

Annual report and financial statements

For the year ended 30 September 2023

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CLAAS Western Limited

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CLAAS Western Limited

Strategic report

Principal activity and review of the business

The principal activity of the company is the retail supply of agricultural machinery, parts and service.

Net sales in the year ended 30 September 2023 amounted to £57.6 million (2022: £42.5 million) an increase of 35.3% from the previous year. This increase reflects the delivery of machines carried over from the previous year as 2022 had a significantly lower turnover driven by limited product availability, due to supply challenges faced by the production companies, despite strong market demand.

The directors continue to adopt a going concern basis in preparing the financial statements as detailed in note 1.

Key performance indicators ("KPIs")

Given the comparatively straight forward nature of the business, the company's directors are of the opinion that the KPIs used can be financial and strategic in nature. The major indicator used to monitor the business is the volumes sold for each product group. Another key factor is the level inventory held as working capital. Increasing market share is seen by the directors to be part of the long-term strategic objectives of the business, which in turn create higher revenue streams in the future. One key indicator in the market is Return on Sales which for 2023 was 1.5% (2022 – 0%). The increase in 2023 is due the positive effect of the carry over from 2022.

Future outlook

We expect to see lower machinery sales in 2023/2024 achieving a more average level of turnover from the last five years, however high inflation, high interest rates, the still challenging supply chain situation, challenging market conditions and the ongoing Russia/Ukraine conflict will be continued to be monitored by the directors.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from both national and independent retailers, employee retention, and product availability. The impact of the UK leaving the EU and the future relationship with the EU also provides additional regulation and associated costs, albeit now controlled and maintained. The company manages these risks and this is discussed further in the s172 on page 2.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, foreign exchange rates, credit risk, liquidity risk and interest rate risk. The company has in place a risk management program that seeks to limit the impact on the financial performance of the company.

In order to ensure stability of cash outflows, and hence manage the interest rate risk, the company seeks to minimise the risk of uncertain funding in its operations by maintaining an appropriate level of committed bank facilities. The company does not use derivative financial instruments to manage interest rate costs or exposure to foreign exchange rates and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales on credit are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the finance team. Credit risk in relation to bank balances is considered remote due to the high credit rating of the bank

CLAAS Western Limited

Strategic report (continued)

Financial risk management (continued)

Liquidity risk

The company actively maintains the short-term debt finance, which is designed to ensure the company has sufficient available funds for operations and planned expansions as disclosed within the going concern wording below and within note 1.

Interest rate cash flow risk

The company has a policy of maintaining debt at fixed rate to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of the policy should the company's operations change in size or nature.

Going concern

The directors' have prepared the accounts on a going concern basis as set out in note 1 to the financial statements.

Stakeholder interests – section 172 (1) statement

The directors must act in accordance with a set of general duties detailed in section 172 of the UK Companies Act 2006. Applicable to the Board of Directors, both individually and together, they consider that they have acted in a way they consider good faith, would be more likely to promote the success of the company for the benefit of its shareholders as a whole and in doing so have regard, amongst other matters, to:

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct
- The need to act fairly between members of the company

The Company has a rigorous process to ensure stakeholders are included in the decision-making process, so all relevant persons are aware of the consequences of any long term decision made by the Company. The Board of Directors, affiliate companies and employees are all included throughout the year with continuous communications and interactions. This ensures that the interests of the company's employees are taken into account at all times. The Board is now regularly reminded about the s172(1) matters and includes a rolling agenda item at every Board meeting. All environmental and health and safety matters are also presented to the Board on a monthly basis, whereby any items that have a direct impact on the local community are discussed and actioned as appropriate. The company has also implemented a process to be evaluated annually by end customers regarding their products and services/performance compared to competitors. This fosters key customer business relationships, with regular contact also held with key suppliers and other business partners. The results are discussed at board level and areas of action are derived to improve stakeholder satisfaction, maintain high standards of business conduct and increase competitiveness. CLAAS is a family company, so the directors promote a family work ethic across all areas of the business. This encourages supporting and collaborative business relationships and the need to treat peers, customers, suppliers and other key stakeholders fairly at all times.

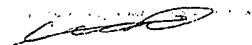
CLAAS Western Limited

Strategic report (continued)

Results and dividends

The company's profit on ordinary activities before taxation for the year was £866,000 (2022: Loss £263,000). No final dividend has been proposed (2022: £Nil). There have been no dividends declared for the financial year.

Approved by the board of directors
And signed on behalf of the board



Richard Vaughan
Director

Saxham Business Park
Bury St. Edmunds
IP28 6QZ

Date: 21 December 2023

CLAAS Western Limited

Directors' report

The directors submit their annual report and audited financial statements of the company for the year ended 30 September 2023.

Under section 414C(11) of the Companies Act, the directors have elected to present information relating to financial risk management objectives and policies in the strategic report otherwise required by regulations made under section 416(4) to be disclosed in the directors' report as the directors consider this to be of strategic importance to the company.

Directors

The directors who served during the year and to the date of this report were:

W P C Greenway (resigned 15 November 2022)
S D McCahill
R A Vaughan
O Hoelscher

Directors' responsibilities statement

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 statement for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with United Kingdom generally accepted accounting practice (United Kingdom accounting standards and applicable law), including Financial Reporting Standard (FRS) 102. 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 estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the company 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.

Employee involvement

The company's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through quarterly updates, news bulletins, Group communications and ad-hoc briefings when required which seek to achieve a common awareness on the part of all employees.

The group CEO quarterly delivers common awareness amongst employees of the Company's and Group's performance and encourages ongoing involvement in contributing to ongoing operational results.

All employees are part of the CLAAS family, a family of about 12,000 employees worldwide who work for the CLAAS Group.

CLAAS Western Limited

Directors' report (continued)

Employee practices

CLAAS Western Limited pride themselves on upholding best practice when it comes to employment. The first step is hiring the right people, and ensuring we have a workforce diverse in terms of experience, skills and culture. We offer excellent benefits as you would expect from a family owned Company, for example, paying well over the statutory minimum into our employee's pensions, along with pension education. Employee development is key for us to maintain our market leading position.

Growing our own talent, through trainee programs, graduate schemes and apprenticeships is key to the future success of CLAAS Western Limited. We currently have 9 apprentices working in various job roles across the business.

Family is key to CLAAS, not only with our employees but also the communities we work within. As part of the CLAAS group our employees are all entitled to 2 days volunteering leave per year, and we encourage employees to give blood during the working day, on company time where possible. Over the past 5 years, as a group we have raised over £100,000 for charities close to our employees hearts. We also support schools and colleges with educating young people about agriculture, and particularly why working in agriculture could be a great career for them.

Energy usage and carbon reporting

Annual quantity of energy consumed in kWh per employee

1,812,501.00kWh consumed by 76 employees = **23,848.70kWh per employee**
(2022 – **25,109.71kWh per employee**)

442,518.61CO₂e consumed by 76 employees = **5,822.61CO₂e per employee**
(2022 – **6,126.70CO₂e per employee**)

The below numbers have been derived using a mix of invoice data and meter readings. We use carbon conversion factors published by the UK's Department for Business, Energy and Industrial Strategy ("BEIS") published in June 2023. All emissions are considered to be Scope 2 (energy indirect) emissions, as they arise as a consequence of the Company's activities. The Company has no Scope 1 (direct) emissions.

Intensity Metrics

CLAAS Western Consumption				
	FY23	FY23	FY22	FY22
	kWh	CO ₂ e	kWh	CO ₂ e
Electricity	309,768.00	64,144.90	257,447.00	49,785.10
Heating oil	269,046.00	69,951.96	127,011.00	33,022.86
Diesel	1,233,687.00	308,421.75	1,065,903.00	277,134.78
Liquid gas	0.00	0.00	432,867.00	99,559.41
Total	1,812,501.00	442,518.61	1,883,228.00	459,502.15

CLAAS Western Limited

Directors' report (continued)

Energy usage and carbon reporting (continued)

Energy Efficiency Action Taken

To date CLAAS UK and subsidiaries have taken the following steps to focus on energy consumption; installation of smart meters, changing service and maintenance strategies to ensure vehicles or machines operate more efficiently, use of hybrid vehicles in the motor fleet, replaced a lot of business travel with video conferencing and upgraded lighting at all sites to LED. There are a few behavior change projects in progress the outcome of which can be reported once complete; metering and reporting of energy KPIs will be improved so targeted actions can be taken.

ISO50001 applies to our parent company and the whole of the KGaA Group until the next renewal date of December 2025 following a recent external audit of the CLAAS Group that included UK as a focus company.

Auditor and disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

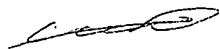
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Dividends

No final dividend has been proposed (2022: £Nil). There have been no dividends declared for the financial year.

Approved by the board of directors
And signed on behalf of the board



Richard Vaughan
Director

Saxham Business Park
Bury St. Edmunds
IP28 6QZ

Date: 21 December 2023

CLAAS Western Limited

Independent auditor's report to the members of CLAAS Western Limited Report on the audit of the financial statements

Opinion

In our opinion the financial statements of CLAAS Western Limited (the 'company'):

- 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position.
- the statement of changes in equity; and
- the related notes 1 to 18.

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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

CLAAS Western Limited

Independent auditor's report to the members of CLAAS Western Limited (continued)

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Employment Laws, Health and Safety Regulations and GDPR.

We discussed among the audit engagement team including relevant internal specialists such as IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- We presume a risk of material misstatement due to fraud relating to revenue recognition. This has been pinpointed to cut off of revenue. We have performed substantive testing over sales recognised around the year end and ensured these are recognised in the correct financial year. We also assessed the design and implementation of internal controls around the recognition of revenue.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

CLAAS Western Limited

Independent auditor's report to the members of CLAAS Western Limited (continued)

In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.



David Bicker (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Cambridge
United Kingdom

Date: 21 December 2023

CLAAS Western Limited

Statement of comprehensive income for the year ended 30 September 2023

	Notes	2023 £'000	2022 £'000
Turnover	3	57,557	42,537
Cost of sales		(50,837)	(37,798)
Gross profit		6,720	4,739
Distribution and marketing expenses		(5,338)	(4,863)
Other operating expenses		(162)	(138)
Other operating income		18	-
Operating profit/(loss)	4	1,238	(262)
Interest payable and similar charges	6	(372)	(1)
Profit/(loss) on ordinary activities before taxation		866	(263)
Taxation on profit/loss on ordinary activities	7	(205)	37
Profit/(loss) for the financial year		661	(226)

All activities derive from continuing operations.

There is no other comprehensive income or expenses other than the profit for the financial year.

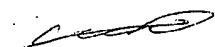
CLAAS Western Limited

Statement of financial position at 30 September 2023

	Notes	2023 £'000	2022 £'000
Fixed assets			
Tangible fixed assets	8	300	204
Investments	9	-	-
Deferred tax asset	12	-	20
		<u>300</u>	<u>224</u>
Current assets			
Stocks	10	16,844	18,344
Debtors	11	3,925	4,240
		<u>20,769</u>	<u>22,584</u>
Creditors: amounts falling due within one year	13	<u>(17,690)</u>	<u>(20,105)</u>
Net current assets		<u>3,079</u>	<u>2,479</u>
Provisions for liabilities	12	(15)	-
Net assets		<u>3,364</u>	<u>2,703</u>
Capital and reserves			
Called up share capital	14	16	16
Share premium account	14	265	265
Capital contribution reserve	14	3,268	3,268
Profit and loss account		<u>(185)</u>	<u>(846)</u>
Shareholder's funds		<u>3,364</u>	<u>2,703</u>

The financial statements of CLAAS Western Limited, registered number 00553902, were approved by the board of directors and authorised for issue on 21 December 2023

Signed on behalf of the board of directors



Richard Vaughan
Director

CLAAS Western Limited

Statement of changes in equity For the year ended 30 September 2023

	Called up share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Profit and loss account £'000	Total £'000
Balance as at 1 October 2021	16	265	3,268	(620)	2,929
Loss for the financial year	-	-	-	(226)	(226)
Balance as at 30 September 2022	16	265	3,268	(846)	2,703
Profit for the financial year	-	-	-	661	661
Balance as at 30 September 2023	16	265	3,268	(185)	3,364

CLAAS Western Limited

Notes to the financial statements for the year ended 30 September 2023

1 Accounting policies

The principal accounting policies, which have been applied consistently throughout the year and preceding year are set out below.

General information and basis of accounting

CLAAS Western Limited is a Private Limited Company limited by shares incorporated in England and Wales. The address of the registered office is Saxham Business Park, Saxham, Bury St Edmunds, Suffolk, IP28 6QZ. The nature of the company's operations and its principal activities are set out in the strategic report on pages 1 to 3.

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of CLAAS Western Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. These accounts are rounded to the nearest £'000, unless otherwise stated.

CLAAS Western Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, related party transactions and remuneration of key management personnel.

Going concern

The company's business activities together with the factors likely to affect its future development are set out in the strategic report on pages 1 to 3. The directors regularly consider going concern of the CLAAS Group; reviewing trading conditions and results, weather conditions, agricultural market conditions and impact on their end customers and impacts to overall trading now the UK has left the EU.

Regular updates are provided to Group for expected monthly transfers for their own liquidity management. The directors also note that Group would not expect cash transfers to be made that would cause cash flow issues on a local level. The Company has a credit line arrangement with CLAAS KGaA mbH. This provides adequate resources for the Company to trade and meet its liabilities as they fall due for the going concern assessment to 31 December 2024.

Cash flow forecasts show a positive trend in liquidity, which is based on historic data. Based on sensitivity analysis carried out on the forecasts as well as the above information, the directors are confident that the company has adequate reserves and resources to continue operations for the foreseeable future and is well placed to manage its business risk successfully despite the current uncertain economic outlook. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover represents amounts invoiced in respect of machinery and parts, excluding value added tax, after deduction of discounts given to customers and the cost of finance subsidies which are directly related to sale of machines. Turnover is recognised when the company has fulfilled its contractual obligations to a customer and has obtained the right to receive consideration. This is usually on dispatch but is dependent on the contractual terms that have been agreed with a customer.

Foreign currency amounts

Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date and the translation differences arising are included in the income statement, together with exchange differences arising from normal trading activities.

CLAAS Western Limited

Notes to the financial statements (continued) for the year ended 30 September 2023

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is charged on a straight line basis at rates estimated to write off the cost or valuation of fixed assets over the period of their expected useful economic lives as follows:

Plant and machinery	12%-33%
Office equipment	12%-33%
Vehicles	25%

Investments

Investments, held as fixed assets, are stated at cost less provision for impairment in value.

Stocks

Stocks are stated at the lower of cost and the net realisable value (i.e. estimated selling price less costs to sell). Cost includes direct materials, and direct labour. Cost is calculated using weighted average cost method. The value of parts and finished goods is shown net of write-downs. Work in progress consists of costs incurred to date on open orders at year end.

Taxation

Current tax is provided at amounts 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 is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

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 the timing difference. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

CLAAS Western Limited

for the year ended 30 September 2023

1 Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified at fair value through the income statement, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position where there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- a) The contractual return to the holder is (i) a fixed amount, (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- b) The contract may provide for repayments of the principle or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies the condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate, (2) to protect the holder against credit deterioration of the issuer, (3) changes in levies applied by a central bank arising from changes in relevant taxation or law, or (ii) the new rate is a market rate of interest and satisfies condition (a).
- d) There is no contractual provision that could by its terms result in the holder losing the principle amount or any interest attributable to the current or prior periods.
- e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Debt instruments not meeting these conditions are measured at fair value through the income statement.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost less impairment.

CLAAS Western Limited

Notes to the financial statements (continued) for the year ended 30 September 2023

1 Accounting policies (continued)

Operating leases

Operating lease rentals are charged to the income statement on a straight line basis over the term of the lease.

Pensions

The company participates in a pension scheme, operated by CLAAS UK Limited, providing benefits based on final pensionable pay. The scheme was closed to new members in 2008. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 102 section 28 "Employee Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income statement represents the contributions payable to the scheme in the accounting period.

For the defined contribution scheme the amount charged to the income statement in respect of pension costs is the contribution payable in the year.

Impairment of assets

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the assets original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the assets carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

CLAAS Western Limited

Notes to the financial statements (continued) for the year ended 30 September 2023

1 Accounting policies (continued)

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2 Critical accounting judgements and key sources of estimation uncertainty

Critical judgement in applying the accounting policies

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is reviewed if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Stock provision

Stock provisions are calculated on a per machine basis, based on the directors' best assumption as to the likely realisable value in the coming year, using a combination of sales pricing and volume assumptions based on historic performance and market data.

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty.

3 Turnover

Turnover represents amount derived from the sale of goods and services which fall within the company's principal activities after deduction of trade discounts and value added tax.

The geographic analysis of turnover is:	2023 £'000	2022 £'000
United Kingdom	53,709	40,568
Rest of Europe	2,592	651
Rest of the world	1,256	1,318
	<u>57,557</u>	<u>42,537</u>

CLAAS Western Limited

Notes to the financial statements (continued) for the year ended 30 September 2023

4 Operating profit

	2023 £'000	2022 £'000
The operating profit is stated after charging/(crediting):		
Auditors remuneration for:		
Audit of financial statements	11	10
Depreciation of tangible fixed assets	43	43
Profit on disposal of fixed assets	(18)	-
Operating lease costs	587	521

5 Directors and employees

All staff costs below are in respect of employees that are employed by CLAAS UK Limited and are recharged to CLAAS Western Limited. The average monthly number of employees (including executive directors) was:

	2023 Number	2022 Number
Office and management	4	4
Selling and distribution	72	71
	<u>76</u>	<u>75</u>

	2023 £'000	2022 £'000
Staff costs during the year amounted to:		
Wages and salaries	3,447	3,171
Social security costs	461	263
Other pension costs	252	253
	<u>4,160</u>	<u>3,687</u>

Directors' emoluments	2023 £'000	2022 £'000
Aggregate emoluments	<u>153</u>	<u>217</u>

Number of directors to whom retirement benefits are accruing under defined benefit pension schemes	0	0
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Some of the directors of the Company receive emoluments for their services as employees of other Group companies. These directors do not believe that it is practicable to apportion the amount paid between their services as directors or employees of other group companies and their services as directors of the Company.

6 Interest payable and similar charges

	2023 £'000	2022 £'000
Interest on bank overdraft	235	-
Stocking charges	137	1
	<u>372</u>	<u>1</u>

CLAAS Western Limited

Notes to the financial statements (continued) for the year ended 30 September 2023

7 Taxation on profit/loss on ordinary activities

	2023 £'000	2022 £'000
Current tax		
UK corporation tax at 22%* (2022 - 19%)	170	-
Group relief	-	(46)
	<u>170</u>	<u>(46)</u>
Deferred taxation		
Origination and reversal of timing differences	35	9
Total tax charge/(credit)	<u>205</u>	<u>(37)</u>

The tax for the year differs from the standard rate of corporation tax in the UK 22% (2022 - 19.0%). The differences are explained below:

	2023 £'000	2022 £'000
Profit/(loss) on ordinary activities before tax	<u>866</u>	<u>(263)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 22.0% (2022 – 19%)	191	(50)
Effects of:		
Receipt for group relief	-	(47)
Group relief surrendered	-	47
Remeasurement of deferred tax	4	3
Adjustments to prior period	-	-
Fixed asset differences	3	3
Expenses not deductible for tax purposes	7	7
Total tax charge/(credit)	<u>205</u>	<u>(37)</u>

* From 1 April 2023 the rate of corporation tax in the United Kingdom changed from 19% to 25%, therefore an effective tax rate of 22% has been applied in the note above.

During the year beginning 1 October 2023, the net reversal of deferred tax assets and liabilities is expected to decrease the corporation tax charge for the year by £1k. This is due to temporary differences between the tax base and the accounting base on fixed assets.

CLAAS Western Limited

Notes to the financial statements (continued) for the year ended 30 September 2023

8 Tangible fixed assets

	Plant, machinery and vehicles £'000	Office equipment £'000	Total £'000
At cost			
At 1 October 2022	740	238	978
Additions	81	58	139
Disposals	(40)	-	(40)
At 30 September 2023	781	296	1,077
Depreciation			
At 1 October 2022	676	98	774
Charge for the year	19	24	43
Disposals	(40)	-	(40)
At 30 September 2023	655	122	777
Net book value			
At 30 September 2023	126	174	300
At 30 September 2022	64	140	204

9 Investments

	2023 £	2022 £
Combine World Limited	250	250

The company holds 250 (2022 - 250) £1 ordinary shares representing 9% (2022 - 9%) of the nominal share capital of Combine World Limited, which provides marketing services to its shareholder companies. Combine World Limited is incorporated and registered in England and Wales. The directors have assessed the recoverable amount of its investment and have indicated that there is no impairment as the recoverable amount exceeds the carrying value of the investments.

10 Stocks

	2023 £'000	2022 £'000
Work in progress	644	396
Finished goods	16,200	17,948
	16,844	18,344

Inventories recognised as an expense during the year ended 30 September 2023 amounted to £50.7m (2022 - £37.8m). During the year inventory of £0.4m was written down (2022 - £0.01m written back) in the statement of comprehensive income.

CLAAS Western Limited

Notes to the financial statements (continued) for the year ended 30 September 2023

11 Debtors

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Trade debtors	2,898	2,844
Amounts owed by group undertakings	141	918
Amounts owed by related companies	1	95
Corporation tax	-	46
Other debtors	1	-
Prepayments and accrued income	884	337
	<u>3,925</u>	<u>4,240</u>

All amounts owed by group undertakings are trading balances that are unsecured and do not bear any interest.

12 Deferred tax

The deferred tax asset/(liability) comprises:

	2023 £'000	2022 £'000
Fixed asset timing differences	<u>(15)</u>	<u>20</u>

The movement in deferred tax was as follows:

As at 1 October 2022	20	29
Amount charged to income statement	<u>(35)</u>	<u>(9)</u>
As at 30 September 2023	(15)	20

Note that at 30 September 2022 Deferred Tax Asset was shown within Fixed Assets. At 30 September 2023 Deferred Tax Liability is shown within provisions.

13 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Bank overdraft	11,054	3,585
Trade creditors	3,713	7,067
Corporation tax	170	-
Amounts owed to group undertakings	3	4,932
Amounts owed to related companies	1,710	-
Other tax and social security	312	201
Accruals and deferred income	728	4,320
	<u>17,690</u>	<u>20,105</u>

The bank overdraft is secured by a composite guarantee given by other group companies.

All amounts owed to group undertakings are trading balances that are unsecured and do not bear any interest.

CLAAS Western Limited

Notes to the financial statements (continued) for the year ended 30 September 2023

14 Called-up share capital and reserves

	2023 £'000	2022 £'000
Called-up, allotted and fully paid:		
16,000 ordinary shares of £1 each	16	16

All shares carry equal voting rights and there are no restrictions on the distribution of dividends or repayment of capital.

The company's other reserves are as follows:

- The profit and loss account represents cumulative profits or losses, net of dividends paid.
- The share premium account contains the premium arising on issue of equity shares net of issue expenses.
- The capital contribution reserve represents cash injections from the parent company.

15 Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Within one year	172	162	243	194
Between one and five years	688	648	270	145
Greater than five years	229	378	-	-
	1,089	1,188	513	339

16 Guarantees

The company is part of a composite bank guarantee given by and in favour of all CLAAS Holdings group companies in the United Kingdom. At the year end some of the companies in the UK Group were using this guarantee and total overdrafts were £29,404,079 (2022 - £4,936,210).

17 Related party transactions

The company has taken advantage of the exemption provided by section 33 of Financial Reporting Standard 102 "related party transactions" (paragraph 3(c)) as 100 percent of its voting rights are controlled by its ultimate parent undertaking, CLAAS KGaA mbH, which itself prepared publicly available consolidated financial statements that include CLAAS Western Limited.

The parent company of CLAAS Western Limited as outlined in note 18 below, owns a 49% joint venture interest in CLAAS Financial Services Limited ("CFS"). During the year CLAAS Western Limited sold machines to CFS totaling £22.5m (2022 - £20.7m) and purchased machines through the wholesale stocking facility totaling £4.5m (2022 - £NIL). Balances outstanding with CFS at 30 September 2023 are highlighted in notes 11 and 13 as amounts due from/to related companies.

CLAAS Western Limited

Notes to the financial statements (continued) for the year ended 30 September 2023

18 Ultimate parent undertaking and controlling party

CLAAS Western Limited is a wholly owned subsidiary of CLAAS UK Limited, a company registered in England and Wales, which in turn is wholly owned by CLAAS Holdings Limited. CLAAS KGaA mbH is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 30 September 2023. The ultimate parent undertaking is CLAAS KGaA mbH, which is a general partnership with limited liability, registered in Germany.

Consolidated accounts which include this entity can be requested from the registered office of CLAAS KGaA mbH, being:

CLAAS KGaA mbH
Mühlenwinkel 1
33428 Harsewinkel
Germany

The directors regard CLAAS KGaA mbH as the ultimate controlling party.