

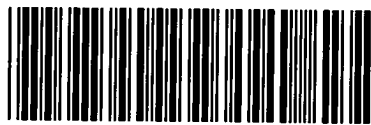
**Company Registration Number: 01945075**

## **DeLaval Limited**

### **Annual Report and Financial Statements**

**For the year ended 31 December 2022**

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## Company Information

### Directors

E J Hallman

C Murphy

G-J Van Dijk

E de Just (appointed 1 September 2022)

### Auditors

Mazars LLP

3 Wellington Place

Leeds

LS1 4AP

### Bankers

ING Bank NV, London branch

8-10 Moorgate

London, EC2R 6DA

United Kingdom

### Registered Office

Summers House

Pascal Close

St Mellons

Cardiff CF3 0LW

## Strategic report

The directors present their strategic report for the year ended 31 December 2022.

### Principal activity and review of the business

The company's principal activity is the sale of products for agricultural use. The company's key performance indicators during the year were as follows:

	2022 £000	2021 £000
Revenue from contracts with customers	16,919	17,139
Operating loss /(profit)	(67)	1,040
Loss /(profit) after tax	(73)	843
Shareholders' funds	2,170	3,044

Revenue remained on stable level in 2022 compared to prior year. Until December 2022 the order intake decreased by 4% compared to the same period previous year. Decrease in gross profit margin from 34% to 28% resulted in decreased profitability and shareholders' funds.

Management continues to place emphasis on the working capital cycle for the forthcoming financial year, with stock holding days and sales outstanding in particular being constantly monitored to maximise cash flow and reduce capital borrowing costs.

### Future developments

Our current outlook for the whole year 2023 is that net invoicing will be around 25% higher than in 2022. The company is expecting to show a profit for 2023.

### Principal risks and uncertainties

The directors continually review and evaluate the risks that the company is facing. The principal risks and uncertainties facing the company are broadly grouped as competitive, legislative, financial, foreign exchange and other risks.

#### Competitive risks

Largely owing to the nature of the market in the UK, the company has strong competition. The directors on a regular basis follow up on the market share developments and take appropriate action when needed.

#### Legislative risks

Risk within the UK industry is controlled by specific recognised bodies that provide good practice/standards to follow.

#### Financial risks

The Group has an established global risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives. The key objectives for local management aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

#### Foreign exchange risks

The parent of DeLaval Limited uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency. The company does not enter into contracts itself, using GBP as its main trading currency.

## Strategic report (continued)

### Principal risks and uncertainties (continued)

#### *Other risks*

Currency fluctuations, trading arrangements, employment issues and other risks that become apparent over time will be monitored by management and mitigation put in place where possible.

The global Covid-19 epidemic will continue to create uncertainty to some extent in most businesses for the foreseeable future and this includes the agricultural business in which the company's customers operate. However, the Covid-19 impact on the food production business is expected to be of lesser extent. Management continues to monitor the impact of the epidemic on its customer business and markets and is prepared to take mitigating actions.

On behalf of the Board



E de Just  
Director

Date: June 7, 2023

## Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2022.

### Results and dividends

The loss for the year after taxation amounted to £73k (2021 – profit of £843k). The directors recommend dividends in amount £468k to be paid out for fiscal year 2022 at this point (2021 – £800k).

### Future developments

Our current outlook for the whole year 2023 is that net invoicing will around 25% higher than in 2022. The company is expecting to show a profit for 2023.

### Directors

The directors who served the company during the year and up to the date of signing the financial statements were as follows:

E J Hallman

C Murphy

G-J Van Dijk

E de Just (appointed 1 September 2022)

### Going concern

The directors have reviewed cashflow forecasts to 31 March 2024 which indicate that the company has adequate resources to continue in operation and meet all liabilities as they fall due to at least 31 March 2024. The cash flow forecasts include access to funding from the wider Tetra group. Accordingly these financial statements are prepared on a going concern basis.

### Events after the balance sheet date

The directors recommend dividends £468k to be paid out for fiscal year 2022 at this point (2021 – £800k).

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

A resolution to reappoint Mazars as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

E de Just

Director

Date: June 7, 2023

## Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 101 "Reduced Disclosure Framework" 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper 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.

# **Independent auditors' report**

**to the members of DeLaval Limited**

## **Opinion**

We have audited the financial statements of DeLaval Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

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

## **Conclusions relating to going concern**

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.



# Independent auditors' report

to the members of DeLaval Limited (continued)

## Other information

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

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

We have nothing to report in this regard.

## 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.

## Matters on which we are required to report by exception

In 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 Directors' report.

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

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

## Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

# Independent auditors' report

to the members of DeLaval Limited (continued)

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 the financial statements.

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

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as UK tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and

## Independent auditors' report

to the members of DeLaval Limited (continued)

determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to accruals and provisions for bad debts and used stock, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:


- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of the audit 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.

  
Ashley Barraclough (Jun 7, 2023 11:05 GMT+1)

Ashley Barraclough (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Mazars LLP, 5<sup>th</sup> Floor, 3 Wellington Place, Leeds, LS1 4AP, United Kingdom

Date: Jun 7, 2023

## Statement of comprehensive income

for the year ended 31 December 2022

	Notes	2022 £000	2021 £000
<b>Revenue from contracts with customers</b>	3	16,919	17,139
Cost of sales		(12,109)	(11,240)
<b>Gross profit</b>		4,810	5,899
Distribution costs		(1,398)	(1,522)
Administrative expenses		(3,479)	(3,337)
<b>Operating (Loss) / Profit</b>	4	(67)	1,040
Interest payable and similar charges	8	(33)	(58)
<b>(Loss) / Profit on ordinary activities before taxation</b>		(100)	982
Tax credit/ (charge)	9	27	(139)
<b>(Loss) / Profit for the financial year</b>		(73)	843
Other comprehensive income		–	–
<b>Total comprehensive income for the year, net of tax</b>		(73)	843

All amounts relate to continuing activities.

The notes on pages 14 to 30 are an integral part of these financial statements

Registered No. 01945075

## Balance sheet

at 31 December 2022

	Notes	2022 £000	2021 £000
<b>Fixed assets</b>			
Tangible assets	10	257	187
Right of use assets	16	579	667
		<u>836</u>	<u>854</u>
<b>Current assets</b>			
Stocks	11	4,519	2,162
Debtors	12	4,875	4,801
Cash at bank and in hand	15	101	10
		<u>9,495</u>	<u>6,973</u>
<b>Creditors: amounts falling due within one year</b>	13	(7,292)	(3,950)
<b>Creditors: provisions</b>	14	(389)	(280)
<b>Net current assets</b>		<u>1,814</u>	<u>2,743</u>
<b>Total assets less current liabilities</b>		<u>2,650</u>	<u>3,597</u>
Lease liabilities – long term	16	(479)	(553)
<b>Net assets</b>		<u>2,171</u>	<u>3,044</u>
<b>Capital and reserves</b>			
Called up share capital	18	1,500	1,500
Share premium account		319	319
Profit and loss account		<u>352</u>	<u>1,225</u>
<b>Shareholders' funds</b>		<u>2,171</u>	<u>3,044</u>

The financial statements were approved by the board of directors and authorised for signature on their behalf by:



E de Just

Director

Date: June 7, 2023

The notes on pages 14 to 30 are an integral part of these financial statements

## Statement of changes in equity

at 31 December 2022

	<i>Called up share capital £000</i>	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>	<i>Shareholders ' funds £000</i>
<b>As at 1 January 2021</b>	1,500	319	882	2,701
Profit for the financial year	–	–	843	843
Dividends paid	–	–	(500)	(500)
Other comprehensive income	–	–	–	–
<b>At 31 December 2021</b>	1,500	319	1,225	3,044
Profit for the financial year	–	–	(73)	(73)
Dividends paid	–	–	(800)	(800)
Other comprehensive income	–	–	–	–
<b>At 31 December 2022</b>	1,500	319	352	2,171

Called up share capital represents the nominal value of shares that have been issued.

Share premium account represents the amount subscribed for share capital in excess of nominal value.

Profit and loss account includes all current year and prior year accumulated profits and losses less dividends paid.

The notes on pages 14 to 30 are an integral part of these financial statements

## Notes to the financial statements

at 31 December 2022

### 1. Statement of compliance with FRS 101

DeLaval Limited is a company limited by shares incorporated and domiciled in England and Wales. These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101) under the historical cost convention and in accordance with applicable accounting standards.

DeLaval Limited is incorporated and domiciled in England and Wales. The registered office is located at:

Summers House  
Pascal Close  
St Mellons  
Cardiff CF3 0LW

The Company's financial statements are presented in Sterling, which is also the Company's functional currency, and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

### 2. Accounting policies

#### 2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2022.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79 (a) (iv) of IAS 1;
  - (ii) paragraph 73 (e) of IAS 16 Property, Plant and Equipment;
- (d) the requirements of paragraphs 10 (d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (e) the requirements of IAS 7 Statement of Cash Flows. The company is exempt from preparing a cash flow statement as a group cash flow statement is prepared by a parent undertaking, Tetra Laval Holdings BV;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;

## Notes to the financial statements

at 31 December 2022

### 2. Accounting policies (continued)

#### 2.1 Basis of preparation (continued)

- (h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (i) the requirements of paragraphs 134 (d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets; and
- (j) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c) 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

#### 2.2 Going concern

The directors have reviewed cashflow forecasts to 31 October 2023 which indicate that the company has adequate resources to continue in operation and meet all liabilities as they fall due to at least 31 October 2023. The cash flow forecasts include access to funding from the wider Tetra group. According these financial statements are prepared on a going concern basis.

#### 2.3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date:

- i) provision for excess and slow moving inventory
- ii) provision for bad and doubtful debts
- iii) provision for warranty

The Company provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognised when the product is sold, or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty related costs is revised annually.



## Notes to the financial statements

at 31 December 2022

### 2. Accounting policies (continued)

#### *2.4 Significant accounting policies*

##### *Revenue from contracts with customers*

The Company recognises revenue as follows:

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods to a customer. For each arrangement with a customer, the Company: identifies whether the arrangement meets the definition of a contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each performance obligation to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts or any other contingent events such as sales or usage-based royalties. Such estimates are determined using either the 'expected value' or 'most likely amount' method.

The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability. Whenever applicable, the Company applies the variable consideration allocation exception to recognise revenue for variable amount related to a distinct service that forms part of a single performance obligation.

Revenue from the sale of products to the agricultural industry is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The normal credit term is 30 to 90 days upon delivery.

##### *Contract balances*

##### *Contract assets*

A contract asset is the right to consideration in exchange for goods transferred to the customer. If the Company performs by transferring goods to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

##### *Trade receivables*

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Financial instruments. The Company's trade receivables are all related to the value of revenue receivable from rendering services.

##### *Contract liabilities*

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

## Notes to the financial statements

at 31 December 2022

### 2. Accounting policies (continued)

#### 2.4 Significant accounting policies (continued)

##### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Plant, equipment, fixtures and fittings	–	between 4 and 14 years
Freehold buildings	–	25 years

Freehold land is not depreciated.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

##### *Impairment of non-financial assets*

Tangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate the assets may not be recoverable.

##### *Stocks*

Finished Goods are stated at the lower of cost and net realisable value. Cost includes materials, direct labour, transportation and storage costs. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Work in progress stock is valued at actual cost. Provision is made for obsolete, slow moving or defective items where appropriate.

##### *Income taxes*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised, without discounting, in respect of temporary differences between the treatment of certain items for taxation and accounting purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date.

##### *Foreign currencies*

Amounts denominated in foreign currencies are included in the financial statements at rates ruling on the date of the transactions. At the balance sheet date, assets and liabilities are retranslated at the rates ruling at that date. Any gain or loss on translation is taken to the profit and loss account for the year.

##### *Right of use assets*

Until the 2018 financial year, leases of transport equipment was classified as an operating leases. From 1 January 2019, this lease was recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

## Notes to the financial statements

at 31 December 2022

### 2. Accounting policies (continued)

#### *2.4 Significant accounting policies (continued)*

##### *Right of use assets (continued)*

Lease liability is measured as the present value of the remaining lease payments for leases previously classified as operating leases. The discount rate is the incremental borrowing rate (IBR) as of January 1, 2019 and there is no option to use the rate implicit in the lease.

The lessee's incremental borrowing rate (IBR) is the rate of interest that a lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. IBR can be determined on a contract individual level or on a portfolio basis.

After transition, the incremental borrowing rate shall be used to calculate the present value of the lease payments and the corresponding right of use asset, when the interest rate implicit in the lease cannot be readily determined by the lessee.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

##### *Pensions*

DeLaval Limited operated a defined contribution pension scheme during 2022. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

##### *Provisions for liabilities*

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that is likely to require settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation. They are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

##### *Financial instruments*

The Company is applying the requirements of IFRS 9 to all financial instruments. Financial assets and financial liabilities are recognised when the party becomes party to the contractual provisions of the instrument.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

##### *Financial assets*

###### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

## Notes to the financial statements

at 31 December 2022

### 2. Accounting policies (continued)

#### 2.4 Significant accounting policies (continued)

##### *Financial instruments (continued)*

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus transaction costs.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

##### *Subsequent measurement*

##### *Financial assets at amortised cost – trade debtors*

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to expected credit loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade receivables.

##### *Derecognition*

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

##### *Impairment of financial assets*

For trade receivables that are expected to have a maturity of one year or less, the Company has applied the practical expedient and followed the simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and amounts owed from group undertakings, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of default occurring always takes into consideration all possible default events over the expected life of those

## Notes to the financial statements

at 31 December 2022

### 2. Accounting policies (continued)

#### 2.4 Significant accounting policies (continued)

##### *Financial instruments (continued)*

##### *Impairment of financial assets (continued)*

receivables ('the lifetime expected credit losses'). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

##### **Financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables and amounts owed to group undertakings.

##### *Subsequent measurement – Amounts owed to group undertakings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

##### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

## Notes to the financial statements

at 31 December 2022

### 3. Revenue from contracts with customers

The revenue is attributable to the one principal activity of the company, the sale of products to the agricultural industry.

Analysis of turnover by country of destination:

	2022 £000	2021 £000
United Kingdom	16,919	17,139

The timing of revenue is at point in time only.

### 4. Operating profit

This is stated after charging/ (crediting):

	2022 £000	2021 £000
Auditors' remuneration (note 5)	37	33
Depreciation of right of use assets	168	126
Depreciation of owned fixed assets	37	38
Foreign exchange loss/(gain)	(8)	29

During 2022, £12,113,000 (2021: £12,657,000) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales.

### 5. Auditor's remuneration

	2022 £000	2021 £000
<b>Statutory audit:</b>		
- Mazars	35	28
<b>Other services:</b>		
- Mazars	2	5

## Notes to the financial statements

at 31 December 2022

### 6. Director's remuneration

There are no director emoluments for the year ended 31 December 2022 (2021: £nil). The directors are remunerated by other group entities and no recharge is made to the company.

There are no retirement benefits accruing to the directors (2021 - £nil) under the company's defined contribution scheme.

No directors (2021 - £nil) exercised share options.

### 7. Staff costs

	2022 £000	2021 £000
Wages and salaries	2,093	1,963
Social security costs	237	216
Other pension costs	242	222
Group life insurance	-	-
	<u>2,572</u>	<u>2,401</u>

Pension costs of £242k (2021 - £222k) were incurred in the year in relation to the defined contribution scheme. There were no outstanding or prepaid contributions at the balance sheet date.

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

	2022 No.	2021 No.
Selling and distribution	34	32
Administration	4	3
Total	<u>38</u>	<u>35</u>

### 8. Interest payable and similar charges

	2022 £000	2021 £000
Other interest payable/receivable	(16)	3
Interest on lease liabilities	43	51
Other finance costs	6	4
	<u>33</u>	<u>58</u>

Other interest payable relates to interest on amounts owed to group undertakings.

## Notes to the financial statements

at 31 December 2022

### 9. Tax credit/(charge)

(a) Tax on profit on ordinary activities

The tax credit/(charge) is made up as follows:

	2022 £000	2021 £000
<b>Current tax:</b>		
UK corporation tax on the profit for the year	-	(90)
Adjustment in relation to prior years	(4)	(38)
<b>Deferred tax:</b>		
Adjustment in respect of prior years	6	-
Effect of changes in tax rates	6	-
Original and revised offsetting differences	19	(11)
Total tax credit/(charge) on ordinary activities (note 9(b))	<u>27</u>	<u>(139)</u>

(b) Factors affecting total tax credit/(charge) for the year

The tax credit/(charge) for the year differs from the standard rate of corporation tax in the UK of 19% (2021 – 19%). The differences are explained below:

	2022 £000	2021 £000
Profit/loss on ordinary activities before tax	<u>(100)</u>	<u>982</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 – 19%)	19	(186)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	(4)	85
Fixed assets differences	4	-
Tax rate changes	-	-
Adjustments to tax charge in respect of previous periods	(4)	-
Adjustments to tax charge in respect of previous periods – deferred tax	6	-
Adjustments relating to prior year	6	(38)
Total tax for the year (note 9(a))	<u>27</u>	<u>(139)</u>



## Notes to the financial statements

at 31 December 2022

### 9. Tax credit/(charge) (continued)

#### (c) Deferred tax

A deferred tax asset is recognised at 19% (2021 – 19%) in the financial statements as follows:

	2022	2021
	£000	£000
Decelerated capital allowances	(52)	114
Short term temporary differences	161	-
Tax losses available for carry forward	36	-
Deferred tax asset	<u>145</u>	<u>114</u>

The movements in deferred tax are:

	£000
At 1 January 2022	114
Adjustment in respect of prior years	-
Deferred tax credit to income statement for the year	(31)
At 31 December 2022	<u>145</u>

#### (d) Factors that may affect future tax charges

During the year to 31 December 2016 the Finance Act (No.2) 2015 was substantively enacted. The Finance Act (No.2) 2015 includes legislation which will further reduce the corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020. The Chancellor has announced in his budget on 16 March 2016, that there would be a further 1% reduction on the rate of corporation tax to 17% on 1 April 2020. This further rate reduction was included in the Finance Bill 2016, which received Royal Assent on 15 September 2016.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020 and was substantively enacted on 17 March 2020. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2021 (on 24 May 2021). These include an increase to the main rate to increase the rate from 19% to 25% from 1 April 2023. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

## Notes to the financial statements

at 31 December 2022

### 10. Tangible fixed assets

	<i>Freehold land and buildings £000</i>	<i>Plant equipment fixtures and fittings £000</i>	<i>Total £000</i>
Cost:			
At 1 January 2022	-	330	330
Additions	-	107	107
Disposals	-	-	-
At 31 December 2022	-	437	437
Accumulated depreciation:			
At 1 January 2022	-	143	143
Charge for the year	-	37	37
Disposals	-	-	-
At 31 December 2022	-	180	180
Net book value:			
At 31 December 2021	-	257	257
At 31 December 2022	-	187	187

### 11. Stocks

	<i>2022 £000</i>	<i>2021 £000</i>
Stock held for resale	4,519	2,162

### 12. Debtors

	<i>2022 £000</i>	<i>2021 £000</i>
Trade debtors (note 15a)	3,423	3,296
Amounts owed by group undertakings (note 15a)	1,201	1,325
Deferred tax asset (note 9c)	145	114
Prepayments	106	66
	4,875	4,801

Amounts owed by group undertakings are interest free and repayable on demand.

## Notes to the financial statements

at 31 December 2022

### 13. Creditors: amounts falling due within one year

	2022 £000	2021 £000
Trade creditors (note 15b)	271	281
Amounts owed to group undertakings (note 15b)	810	82
Current corporation tax	2	17
Other taxes and social security costs	564	368
Lease liabilities – current	140	143
Accruals and other creditors (note 15b)	5,505	3,059
	<u>7,292</u>	<u>3,950</u>

Amounts owed to group undertakings are repayable on demand and incur interest at 3.47%

### 14. Creditors: provisions

	<i>Provision for warranty claims</i> £000	<i>Provision for claims</i> £000	<i>Provision for litigation</i> £000
At 1 January 2022	(240)	(40)	-
Charged to profit or loss	6	(65)	(50)
At 31 December 2022	<u>(234)</u>	<u>(105)</u>	<u>(50)</u>

## Notes to the financial statements

at 31 December 2022

### 15. Financial Instruments

#### (a) Financial Assets

	2022 £000	2021 £000
<i>Cash at bank:</i>		
- ING Bank	101	10
<i>Amounts owed by group undertakings:</i>		
- Cash Pool	1,174	1,302
- Accounts Receivable DeLaval Netting	27	23
<i>Trade Debtors:</i>		
- Not overdue	2,858	2,672
<i>Overdue:</i>		
- Overdue <1 month	-	-
- Overdue 1-3 months	282	520
- Overdue 4-6 months	199	52
- Overdue 7-12 months	368	138
- Overdue >1 year	310	515
- bad debt provision on trade debtors	(594)	(601)

#### (b) Financial Liabilities

	2022 £000	2021 £000
<i>Amounts owed to group undertakings:</i>		
- Accounts Payable DeLaval Netting	810	82
<i>Trade Creditors:</i>		
- Domestic Creditors	262	279
- Foreign Creditors	9	2
<i>Accruals and other creditors:</i>		
- Advances from Customers	2,950	1,731
- Deferred Income on Revenue	2,011	937
- Accrued costs (GIT/WIP)	311	71
- Accrued bonuses - employees	80	78
- Other accruals	153	242

Terms of payments are normally between 30 and 60 days.

## Notes to the financial statements

at 31 December 2022

### 16. Right of use assets

	<i>Buildings</i> £000	<i>Transport equipment</i> £000	<i>Total</i> £000
Cost:			
At 1 January 2022	617	409	1,026
Additions	-	81	81
Disposals	-	(116)	(116)
At 31 December 2022	617	374	991
Accumulated depreciation:			
At 1 January 2022	127	233	359
Charge for the year	63	105	168
Disposals	-	(116)	(116)
At 31 December 2022	190	222	411
Net book value:			
At 31 December 2021	490	177	667
At 31 December 2022	427	152	579
		2022 £000	2021 £000

#### *Lease Liabilities included in the Statement of Financial Position*

Current	140	143
Non-current	479	553
	619	696
	2022 £000	2021 £000

#### *Amounts recognized in the Statement of Comprehensive Income*

Depreciation charged on right-of-use assets	168	189
Interests on lease liabilities	43	51
	211	258

## Notes to the financial statements

at 31 December 2022

### 17. Pensions

#### *Defined Contribution Plan:*

Contributions of £242k (2021 – £222k) were made to the defined contribution plan in the current year. There were no outstanding or prepaid contributions at the balance sheet date.

### 18. Share capital

	2022		2021	
<i>Issued and fully paid</i>	<i>No.</i>	<i>£000</i>	<i>No.</i>	<i>£000</i>
Ordinary shares of £1 each	1,499,990	<u>1,500</u>	1,499,990	<u>1,500</u>

### 19. Reserves

	<i>Called up share capital £000</i>	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>	<i>Shareholders ' funds £000</i>
<b>At 31 December 2021</b>	1,500	319	1,225	3,044
Profit for the financial year	–	–	(73)	(73)
Dividends paid	–	–	(800)	(800)
Other comprehensive income	–	–	–	–
<b>At 31 December 2022</b>	<u>1,500</u>	<u>319</u>	<u>352</u>	<u>2,171</u>

Share premium represents the premium payable on the issue of the ordinary shares.

Profit and loss reserves comprise profits generated by the company and which are available for distribution.

### 20. Ultimate parent undertaking and controlling party

The immediate parent undertaking and the smallest group in which these financial statements are consolidated is DeLaval Holding BV, a company incorporated in the Netherlands, by virtue of its 100% holding in the equity shares of DeLaval Limited. A copy of the parent's group financial statements, which include the company, is available from DeLaval Holding BV, Korenmaat 7a, the Netherlands.

The company's ultimate parent undertaking, the largest group in which these financial statements are consolidated, and the controlling party is Tetra Laval International SA, a company incorporated in Switzerland. A copy of the group financial statements, which include the company, is available from Avenue Général-Guisan 70, 1009 Pully, Switzerland.

### 21. Related party disclosure

The company has taken an exemption and therefore is not disclosing related party transactions with fellow group companies.

## Notes to the financial statements

at 31 December 2022

### 22. Bank guarantee

On the 9 March 2018, ING Bank N.V. gave a guarantee of £200k with reference 420391/00 to DeLaval Limited.

### 23. Subsequent events

The directors recommend dividends £468k to be paid out for fiscal year 2022 at this point (2021 – £800k).