

**COMPANY REGISTRATION NUMBER: 07640504**

**Herd Hire Limited**

**Financial statements**

**31 October 2021**

# **Herd Hire Limited**

## **Financial statements**

**year ended 31st October 2021**

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# **Herd Hire Limited**

## **Officers and professional advisers**

<b>Director</b>	Mr N Schroder
<b>Company secretary</b>	Mr N Schroder
<b>Registered office</b>	Rivermead House Hamm Moor Lane Weybridge Surrey KT15 2SF
<b>Auditor</b>	Sagars Accountants Ltd Chartered Accountants & statutory auditor Gresham House 5-7 St Paul's Street Leeds LS1 2JG

# **Herd Hire Limited**

## **Strategic report**

### **year ended 31st October 2021**

#### **Business review**

As shown in the Profit & Loss account, sales were up 57% during the period ended 31 October 2021 against 2020. The profit before tax for the year ended 31 October 2021 was £2,235,792 (2020: £948,057). Net assets of the company at 31 October 2021 were £3,384,540 (2020: £1,997,998). The Company manages its Operations using key performance indicators such as fleet utilisation (2021: 98%, 2020: 98.5%) and Profit per unit on vehicle sales (2021: £2,105, 2020: £1,239). These are monitored with regular monthly reviews with the Senior Leadership Team and the Director of the business to ensure that the Company meets its targeted financial objectives. The Company also uses internal key performance indicators such as weekly Sales, Orders and Vehicle running cost reports to ensure monthly targets are met which is reviewed against the forecasted plan. A rolling four month cash-flow is also reviewed monthly to ensure a positive growing cash balance is maintained to meet business liabilities. The Company is performing strongly, and the Director expects this to continue into FY22, supported by Herd Groups excellent reputation within the Automotive sector. The growth in the business in 2021 has been driven through increased residual values driven by market conditions. The short supply of van stock has raised the residual value allowing profits on vehicle sales to be maximised. The Director believes this position will be maintained for a further 12-18 months as the supply of new van stock continues to be an issue.

#### **Principal risks & uncertainties**

The Company seeks to align its business objectives with risk management processes such that the business can ensure that there is an ongoing process for managing and reporting on risks. There are no major risks identified other than those of a normal commercial environment. Actions are put in place to manage risks down to a level of acceptance. The weekly Directors meetings allow for such discussions to be raised and addressed.

#### **The impact of covid-19**

Following the COVID-19 outbreak that was declared a pandemic by the World Health Organisation in March 2020, the underlying automotive industry and commercial van rental market has remained buoyant throughout this period. From a production and supply perspective, this has been impacted which in turn has meant our supply of new van stock has reduced against our plans, but conversely the van sales market has accelerated to a level not anticipated allowing us to enjoy record volumes and profit margins. Although globally there is a shortage of new van stock, through our contacts and key relationships, Herd Group have secured a high level of new stock in 2021 and have already reached agreements with all key manufacturers, with orders in place for continued supply into 2022. In summary the COVID-19 impact has generated improved profit growth for the company which the Director believes will continue for the foreseeable future.

#### **Future plans & developments**

The company has invested in a new fleet management system in December 2020 to help drive efficiencies and position it well for future growth. Control Your Herd is a further business investment in FY22 to ensure that we create a single operating platform which our Franchise Network can all benefit from acting as a unified hub of information. Herd Connect was launched in FY21 which enables further increased fleet management. The platform is firmly in place to accelerate the business, challenge the sector, creating alternatives and providing exceptional Customer care which will result in improved profit generation and cash growth.

This report was approved by the board of directors on 3rd December 2021 and signed on behalf of the board by:

Mr N Schroder

Director

Registered office:

Rivermead House

Hamm Moor Lane

Weybridge

Surrey

KT15 2SF

# **Herd Hire Limited**

## **Director's report**

### **year ended 31st October 2021**

The director presents his report and the financial statements of the company for the year ended 31 October 2021 .

#### **Director**

The director who served the company during the year was as follows:

Mr N Schroder

#### **Dividends**

Particulars of recommended dividends are detailed in note 10 to the financial statements.

#### **Director's responsibilities statement**

The director is responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations. Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period. In preparing these financial statements, the director is required to: - select suitable accounting policies and then apply them consistently; - make judgments and accounting estimates that are reasonable and prudent; - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is 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. Auditor

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

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

This report was approved by the board of directors on 3 December 2021 and signed on behalf of the board by:

Mr N Schroder

Director

Registered office:

Rivermead House

Hamm Moor Lane

Weybridge

Surrey

KT15 2SF

# **Herd Hire Limited**

## **Independent auditor's report to the member of Herd Hire Limited year ended 31st October 2021**

### **Opinion**

We have audited the financial statements of Herd Hire Limited (the 'company') for the year ended 31st October 2021 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, 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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). In our opinion the financial statements: - give a true and fair view of the state of the company's affairs as at 31st October 2021 and of its profit for the year then ended; - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; - 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 director's 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 director 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 director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Without qualifying our opinion, we draw attention to the Accounting Policies to the financial statements and the fact that the comparative information in the accounts was unaudited as company was entitled to exemption from audit. 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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's 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 director's remuneration specified by law are not made; or - we have not received all the information and explanations we require for our audit.

## **Responsibilities of the director**

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has 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. 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 opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: timing of recognition of income and posting of unusual journals and complex transactions. We discussed these risks with client management, designed audit procedures to test the timing of income, tested a sample of journals to confirm they were appropriate and reviewed areas of judgement for indicators of management bias to address these risks. The organisation is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified health and safety as the area most likely to have such an effect. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with the auditing standards. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also: - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director. - Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern. - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. Use of our report

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Kevin Hoult BA FCA

(Senior Statutory Auditor)

For and on behalf of

Sagars Accountants Ltd

Chartered Accountants & statutory auditor

Gresham House

5-7 St Paul's Street

Leeds

LS1 2JG

3 December 2021

# Herd Hire Limited

## Statement of comprehensive income year ended 31st October 2021

		2021	2020
	Note	£	£
<b>Turnover</b>	<b>4</b>	<b>17,210,624</b>	10,935,314
Cost of sales		<b>8,430,993</b>	4,313,764
		-----	-----
<b>Gross profit</b>		<b>8,779,631</b>	6,621,550
Administrative expenses		<b>5,450,127</b>	4,893,457
		-----	-----
<b>Operating profit</b>	<b>5</b>	<b>3,329,504</b>	1,728,093
Other interest receivable and similar income		<b>3,380</b>	2,756
Interest payable and similar expenses		<b>1,097,092</b>	782,792
		-----	-----
<b>Profit before taxation</b>		<b>2,235,792</b>	948,057
Tax on profit	<b>9</b>	<b>734,250</b>	225,250
		-----	-----
<b>Profit for the financial year and total comprehensive income</b>		<b>1,501,542</b>	722,807
		-----	-----

All the activities of the company are from continuing operations.

# Herd Hire Limited

## Statement of financial position

31 October 2021

		2021		2020
	Note	£	£	£
<b>Fixed assets</b>				
Tangible assets	11	28,069,793		22,908,124
<b>Current assets</b>				
Stocks	12	1,561,511		757,962
Debtors	13	2,475,669		2,051,122
Cash at bank and in hand		474,297		285,409
		4,511,477		3,094,493
<b>Creditors: amounts falling due within one year</b>	14	( 10,312,459)		( 8,335,568)
<b>Net current liabilities</b>			( 5,800,982)	( 5,241,075)
<b>Total assets less current liabilities</b>			22,268,811	17,667,049
<b>Creditors: amounts falling due after more than one year</b>	15		( 17,605,271)	( 15,124,301)
<b>Provisions</b>				
Deferred tax	17	( 1,279,000)		( 544,750)
<b>Net assets</b>		3,384,540		1,997,998

# Herd Hire Limited

## Statement of financial position *(continued)*

31 October 2021

		2021		2020	
	Note	£	£	£	£
<b>Capital and reserves</b>					
Called up share capital	20		64		64
Share premium account	21		205,993		205,993
Capital redemption reserve	21		7		7
Profit and loss account	21		3,178,476		1,791,934
			-----		-----
<b>Shareholders funds</b>			3,384,540		1,997,998
			-----		-----

These financial statements were approved by the board of directors and authorised for issue on 3 December 2021 , and are signed on behalf of the board by:

Mr N Schroder

Director

Company registration number: 07640504

# Herd Hire Limited

## Statement of changes in equity year ended 31st October 2021

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
	£	£	£	£	£
<b>At 1st November 2019</b>	71	205,993	—	1,169,127	1,375,191
Profit for the year	---	-----	---	722,807	722,807
<b>Total comprehensive income for the year</b>	—	—	—	722,807	722,807
Dividends paid and payable <b>10</b>	—	—	—	( 100,000)	( 100,000)
Cancellation of subscribed capital	( 7)	—	—	—	( 7)
Redemption of shares	—	—	7	—	7
<b>Total investments by and distributions to owners</b>	( 7)	—	7	( 100,000)	( 100,000)
<b>At 31st October 2020</b>	64	205,993	7	1,791,934	<b>1,997,998</b>
Profit for the year	---	-----	---	1,501,542	<b>1,501,542</b>
<b>Total comprehensive income for the year</b>	—	—	—	1,501,542	<b>1,501,542</b>
Dividends paid and payable <b>10</b>	—	—	—	( 115,000)	<b>( 115,000)</b>
<b>Total investments by and distributions to owners</b>	—	—	—	( 115,000)	<b>( 115,000)</b>
<b>At 31st October 2021</b>	64	205,993	7	3,178,476	<b>3,384,540</b>

# Herd Hire Limited

## Statement of cash flows

year ended 31st October 2021

	2021	2020
	£	£
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,501,542	722,807
<i>Adjustments for:</i>		
Depreciation of tangible assets	3,663,913	3,543,274
Other interest receivable and similar income	( 3,380)	( 2,756)
Interest payable and similar expenses	1,097,092	782,792
Tax on profit	734,250	225,250
Accrued expenses	283,929	6,312
<i>Changes in:</i>		
Stocks	( 803,549)	( 241,542)
Trade and other debtors	( 424,547)	( 575,852)
Trade and other creditors	79,736	( 252,046)
Cash generated from operations	6,128,986	4,208,239
Interest paid	( 1,097,092)	( 782,792)
Interest received	3,380	2,756
Net cash from operating activities	5,035,274	3,428,203
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	( 15,679,493)	( 12,324,055)
Proceeds from sale of tangible assets	6,853,911	3,382,850
Net cash used in investing activities	( 8,825,582)	( 8,941,205)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	5,297	203,681
Payments of finance lease liabilities	4,088,899	5,605,538
Dividends paid	( 115,000)	( 100,000)
Net cash from financing activities	3,979,196	5,709,219
<b>Net increase in cash and cash equivalents</b>	188,888	196,217
<b>Cash and cash equivalents at beginning of year</b>	285,409	89,192
<b>Cash and cash equivalents at end of year</b>	474,297	285,409

# **Herd Hire Limited**

## **Notes to the financial statements**

### **year ended 31st October 2021**

#### **1. General information**

The principal activity of the company is vehicle hire . The company is a private limited company, which is incorporated in England and Wales (no. 07640504 ). The address of the registered office is Rivermead House, Hamm Moor Lane, Weybridge, Surrey, KT15 2SF.

#### **2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

#### **3. Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the entity. The comparative information in the accounts is unaudited as the company was entitled to exemption from audit for the year ended 31 October 2020.

##### **Going concern**

The Director has a reasonable expectation that the company has adequate resources to continue in Operational existence for the foreseeable future. When making this assessment, the Director has considered the results and future forecasts of the Herd Group. A going concern analysis has been performed to assess the impact of current and recent market forces on the Company. The company has net assets of £3,384,540 as at 31 October 2021 (2020: £1,997,998) and made a profit for the year ended 31 October 2021 of £2,235,792. With regards to liquidity, the Director believes that the Company and Group have sufficient resources to continue as a going concern due to cash optimization procedures which includes Invoice Financing. Despite the impacts of COVID-19, the long term implications on Commercial Van sales and rentals have been positive. High residual values have ensured higher than average Profit per units on sale which has been driven by reduced supply of stock during the pandemic. This has also had a positive impact on a growing pipeline of stock orders waiting to be delivered in FY22. The Directors therefore consider that it is appropriate to adopt the going concern basis in preparing the Financial statements.

##### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the statement of financial position 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. Details of these judgements are set out in the accounting policies.



## **Turnover**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on despatch of the goods, the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the entity, and the costs incurred or to be incurred in respect of the transactions can be measured reliably. When the outcome of a transaction involving the rendering of services can be reliably estimated, revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period.

## **Taxation**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively. Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

## **Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

## **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant & machinery	-	straight line between 1-10 years
Motor vehicles	-	straight line between 12% and 20%

## **Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

## **Stocks**

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

### Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset. Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

### Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

### Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost. Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately. For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics. Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund. When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

## 4. Turnover

Turnover arises from:

	2021	2020
	£	£
Sale of goods	7,417,936	3,041,216
Rendering of services	9,792,688	7,894,098
	-----	-----
	17,210,624	10,935,314
	-----	-----

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

## 5. Operating profit

Operating profit or loss is stated after charging:

	2021	2020
	£	£
Depreciation of tangible assets	3,663,913	3,543,274
Impairment of trade debtors	17,799	—

## 6. Auditor's remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	9,500	—

## 7. Staff costs

The average number of persons employed by the company during the year, including the director, amounted to:

	2021	2020
	No.	No.
Administrative staff	14	13
Management staff	8	8
	22	21

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021	2020
	£	£
Wages and salaries	1,053,271	789,606
Social security costs	117,706	77,926
Other pension costs	45,656	11,860
	1,216,633	879,392

## 8. Director's remuneration

The director's aggregate remuneration in respect of qualifying services was:

	2021	2020
	£	£
Remuneration	15,000	15,000

## 9. Tax on profit

### Major components of tax expense

	2021	2020
	£	£
Deferred tax:		
Origination and reversal of timing differences	734,250	225,250
Tax on profit	734,250	225,250

## Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19 % (2020: 19 %).

	2021	2020
	£	£
Profit on ordinary activities before taxation	2,235,792	948,057
Profit on ordinary activities by rate of tax	424,800	180,131
Effect of expenses not deductible for tax purposes	2,252	5,928
Effect of capital allowances and depreciation	408	408
Other permanent differences	199	—
Movement in deferred tax not recognised	( 418)	1,091
Remeasurement of deferred tax for changes in tax rates	307,009	37,692
Tax on profit	734,250	225,250

## 10. Dividends

	2021	2020
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year )	115,000	100,000

## 11. Tangible assets

	Plant and machinery	Motor vehicles	Total
	£	£	£
<b>Cost</b>			
At 1st November 2020	207,010	28,406,824	28,613,834
Additions	72,714	15,606,779	15,679,493
Disposals	—	( 10,844,408)	( 10,844,408)
<b>At 31st October 2021</b>	<b>279,724</b>	<b>33,169,195</b>	<b>33,448,919</b>
<b>Depreciation</b>			
At 1st November 2020	112,066	5,593,644	5,705,710
Charge for the year	27,221	3,636,692	3,663,913
Disposals	—	( 3,990,497)	( 3,990,497)
<b>At 31st October 2021</b>	<b>139,287</b>	<b>5,239,839</b>	<b>5,379,126</b>
<b>Carrying amount</b>			
<b>At 31st October 2021</b>	<b>140,437</b>	<b>27,929,356</b>	<b>28,069,793</b>
At 31st October 2020	94,944	22,813,180	22,908,124

## 12. Stocks

	2021	2020
	£	£
Stock	1,561,511	757,962

### 13. Debtors

	2021	2020
	£	£
Trade debtors	2,019,674	1,298,296
Prepayments and accrued income	187,100	107,014
Director's loan account	226,395	113,015
Other debtors	42,500	532,797
	-----	-----
	2,475,669	2,051,122
	-----	-----

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

	2021	2020
	£	£
Bank loans and overdrafts	1,492,332	1,082,127
Trade creditors	430,430	374,196
Accruals and deferred income	316,103	32,174
Social security and other taxes	58,340	34,838
Obligations under finance leases and hire purchase contracts	8,015,254	6,812,233
	-----	-----
	10,312,459	8,335,568
	-----	-----

The bank loans and overdrafts, which includes an invoice finance facility, is secured by fixed and floating charges over the assets of the company. The balance outstanding at the year end is £1,650,983 of which £1,492,332 is due within one year and £158,651 is due over one year.

The obligations under finance leases and hire purchase contracts of £8,015,254 relates to amounts due in respect of hire purchase agreements. These creditors are secured on the assets to which they relate.

### 15. Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Bank loans and overdrafts	158,651	563,559
Obligations under finance leases and hire purchase contracts	17,446,620	14,560,742
	-----	-----
	17,605,271	15,124,301
	-----	-----

The security for the bank loans and overdrafts can be found in note 14.

The obligations under finance leases and hire purchase contracts of £17,446,620 relates to amounts due in respect of hire purchase agreements. These creditors are secured on the assets to which they relate.

### 16. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2021	2020
	£	£
Not later than 1 year	9,084,055	7,569,924
Later than 1 year and not later than 5 years	18,515,421	15,318,433
	-----	-----
	27,599,476	22,888,357
Less: future finance charges	( 2,137,602)	( 1,515,382)
	-----	-----
Present value of minimum lease payments	25,461,874	21,372,975
	-----	-----

## 17. Provisions

	Deferred tax (note 18) £
At 1st November 2020	544,750
Additions	734,250
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At 31st October 2021	1,279,000
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## 18. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2021 £	2020 £
Included in provisions (note 17)	1,279,000	544,750
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The deferred tax account consists of the tax effect of timing differences in respect of:

	2021 £	2020 £
Accelerated capital allowances	1,279,000	544,750
	-----	-----

## 19. Employee benefits

### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £ 45,656 (2020: £ 11,860 ).

## 20. Called up share capital

### Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £ 0.01 each	6,375	64	6,375	64
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## 21. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs. Capital

redemption reserve - This reserve records the nominal value of shares repurchased by the company. Profit and loss account - This reserve

records retained earnings and accumulated losses.

## 22. Analysis of changes in net debt

	At 1 Nov 2020 £	Cash flows £	At 31 Oct 2021 £
Cash at bank and in hand	285,409	188,888	474,297
Debt due within one year	(7,894,360)	(1,613,226)	(9,507,586)
Debt due after one year	(15,124,301)	(2,480,970)	(17,605,271)
	-----	-----	-----
	( 22,733,252)	( 3,905,308)	( 26,638,560)
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# **Herd Hire Limited**

## **Notes to the financial statements** *(continued)*

### **year ended 31st October 2021**

#### **23. Directors' advances, credit and guarantees**

Included within other debtors is £226,395 (2020 - £113,015) owed to the company at the year end by the director. Interest is charged on the loan at 2.25% pre 5th April 2021 and at 2% from 6th April 2021 and the loan is repayable on demand.

#### **24. Controlling party**

The ultimate parent company is Herd Group Limited, a company incorporated in England (no. 10379255).

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