
HERD HIRE LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2023

HERD HIRE LTD

COMPANY INFORMATION

Directors	Mr N Schroder Mrs G Dickson (appointed 22 December 2022) Mr A McKeague (appointed 22 December 2022)
Company secretary	Mr N Schroder
Registered number	07640504
Registered office	500 Dashwood Lang Road Bourne Business Park Addlestone Surrey KT15 2HJ
Independent auditors	Sagars Accountants Ltd Gresham House 5-7 St Paul's Street Leeds LS1 2JG

HERD HIRE LTD

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2023**

Business review

The Company has undergone another year of very successful trading and is in a strong position.

As shown in the statement of comprehensive income, sales were up 34% during the period ended 31 October 2023 against 2022.

The profit before tax for the year ended 31 October 2023 was £3,084,654 (2022: £3,523,632), increasing the reserves in the year.

During the year the Herd Group Employee Ownership Trust was created, which provides beneficial ownership to the employees of the Company. The objectives of the Trust include making sufficient profit from trading operations to sustain commercial viability, to complete the purchase by the Trust of the Company's shares and to finance the Company's continued development.

The Herd Group Employee Ownership Trustee Limited was set up in December 2022. This enabled the purchase of the Company from the previous shareholders, providing continuity in all areas of the business, a lasting legacy for the employees and ensuring the Herd brand will be ever present for the long term.

Net assets of the Company at 31 October 2023 were £2,400,401 (2022: £5,790,172). The overall decrease in net assets in the year is a result of the dividends paid by the Company to Herd Group Limited, to be remitted to the Employee Ownership Trust towards the purchase of the business.

The Company manages its operations using key performance indicators such as fleet utilisation; which remain well above industry averages (2023: 98.7%, 2022: 98.8%) and profit per unit on vehicle sales; which remain above the norms achieved pre-Covid (2023: £2,368; 2022: £3,059). These are monitored with regular monthly reviews by the Board 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 six month cash-flow is also reviewed monthly to ensure a positive growing cash balance is maintained to meet business liabilities as well as future business investment plans.

The Directors expect the performance in 2023 to continue into 2024, supported by Herd Groups excellent reputation within the Automotive sector. The growth in the business in 2023 has been driven through fleet growth and organic strengthening in the Herd Business and Franchise sectors, along with the volume of used vehicle sales. The low supply of van stock has maintained good levels of demand for Herd stock and approved used vehicles in particular, enabling profit on vehicle sales to be maximised. The Directors believe that this will be maintained and enable the company to continue on its growth trajectory.

Principal risks and 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. Regular and frequent Board meetings allow for such discussions to be raised and addressed.

Stock

Although there remains a shortage of new van stock, through our contacts and key relationships, Herd Group secured volume of stock in 2023 to meet all its growth and swap programs. We have already reached agreements with all key manufacturers, with orders in place for continued supply into 2024.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2023

Future plans & developments

The company has further plans to continue to grow its core rental business, through organic and new business increases in the hire fleet, all of which is achievable with the stock already secured.

The Franchise network continues to be a key focus and the plan is to expand our reach further across the UK in FY24.

There is also a focus on Herd Connect, our brilliant fleet management solution, with plans in place to accelerate the growth of this in FY24.

The synergies that are provided by all areas of the business enable our customers to benefit from the diverse products that we offer.

To underpin the future plans and developments, investment has been made in key positions in 2023, providing the springboard to support our growth initiatives. Continued investment in software is also key to our plans to make the organisation more nimble in its reporting whilst delivering process efficiencies.

The platform is firmly in place to accelerate the business, challenge the sector, create solutions and provide exceptional customer care which will result in improved profit generation and cash growth.

This report was approved by the board on 15 December 2023 and signed on its behalf.

Mr N Schroder
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2023**

The directors present their report and the financial statements for the year ended 31 October 2023.

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Directors

The directors who served during the year were:

Mr N Schroder
Mrs G Dickson (appointed 22 December 2022)
Mr A McKeague (appointed 22 December 2022)

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Sagars Accountants Ltd, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

HERD HIRE LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2023**

This report was approved by the board on 15 December 2023 and signed on its behalf.

Mr N Schroder
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERD HIRE LTD

Opinion

We have audited the financial statements of Herd Hire Ltd (the 'Company') for the year ended 31 October 2023, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 HERD HIRE LTD (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 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 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 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERD HIRE LTD (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement 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 of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Auditors' 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 Auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERD HIRE LTD (CONTINUED)

- 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial

Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our

Auditors' report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

Susan Seaman BA, FCA, CIOT (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

15 December 2023

HERD HIRE LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2023

	Note	2023 £	2022 £
Turnover	4	35,751,236	26,668,048
Cost of sales		(20,536,452)	(15,276,953)
Gross profit		15,214,784	11,391,095
Administrative expenses		(9,040,580)	(6,117,005)
Operating profit	5	6,174,204	5,274,090
Interest receivable and similar income		1,179	6,223
Interest payable and similar expenses		(3,090,728)	(1,756,681)
Profit before tax		3,084,655	3,523,632
Tax on profit	9	(774,000)	(888,000)
Profit for the financial year		2,310,655	2,635,632

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 13 to 24 form part of these financial statements.

All the activities of the company are from continuing operations.

HERD HIRE LTD
REGISTERED NUMBER: 07640504

STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	11	54,423,984	41,685,938
		<u>54,423,984</u>	<u>41,685,938</u>
Current assets			
Stocks	12	2,320,404	1,368,643
Debtors: amounts falling due within one year	13	6,927,988	6,095,403
Cash at bank and in hand		627,924	1,164,086
		<u>9,876,316</u>	<u>8,628,132</u>
Creditors: amounts falling due within one year	14	(14,153,708)	(11,374,863)
Net current liabilities		<u>(4,277,392)</u>	<u>(2,746,731)</u>
Total assets less current liabilities		<u>50,146,592</u>	<u>38,939,207</u>
Creditors: amounts falling due after more than one year	15	(44,805,191)	(30,982,035)
Provisions for liabilities			
Deferred tax	17	(2,941,000)	(2,167,000)
		<u>(2,941,000)</u>	<u>(2,167,000)</u>
Net assets		<u><u>2,400,401</u></u>	<u><u>5,790,172</u></u>
Capital and reserves			
Called up share capital	18	64	64
Share premium account	19	205,993	205,993
Capital redemption reserve	19	7	7
Profit and loss account	20	2,194,337	5,584,108
		<u><u>2,400,401</u></u>	<u><u>5,790,172</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 December 2023.

Mr N Schroder
Director

The notes on pages 13 to 24 form part of these financial statements.

HERD HIRE LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2023

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 November 2021	64	205,993	7	3,178,476	3,384,540
Comprehensive income for the year					
Profit for the year	-	-	-	2,635,632	2,635,632
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(230,000)	(230,000)
At 1 November 2022	64	205,993	7	5,584,108	5,790,172
Comprehensive income for the year					
Profit for the year	-	-	-	2,310,655	2,310,655
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(330,671)	(330,671)
Group Dividends for EOT Contributions	-	-	-	(5,369,755)	(5,369,755)
At 31 October 2023	64	205,993	7	2,194,337	2,400,401

The notes on pages 13 to 24 form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2023**

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	2,310,655	2,635,632
Adjustments for:		
Depreciation of tangible assets	5,717,793	3,595,461
Interest paid	3,090,728	1,756,681
Interest received	(1,179)	(6,223)
Taxation charge	774,000	888,000
(Increase)/decrease in stocks	(951,761)	192,868
(Increase) in debtors	(832,585)	(3,619,734)
(Decrease)/increase in creditors	(1,402,866)	1,731,872
Net cash generated from operating activities	8,704,785	7,174,557
Cash flows from investing activities		
Purchase of tangible fixed assets	(29,773,143)	(26,874,895)
Sale of tangible fixed assets	11,317,304	9,663,289
Interest received	1,179	6,223
HP Purchase interest paid	(2,966,076)	(1,733,767)
Net cash from investing activities	(21,420,736)	(18,939,150)
Cash flows from financing activities		
New secured loans	1,411,491	-
Repayment of loans	-	(1,650,983)
Repayment of/new finance leases	16,593,376	14,358,279
Dividends paid	(330,671)	(230,000)
Interest paid	(124,652)	(22,914)
Group dividends for EOT contributions	(5,369,755)	-
Net cash used in financing activities	12,179,789	12,454,382
Net (decrease)/increase in cash and cash equivalents	(536,162)	689,789
Cash and cash equivalents at beginning of year	1,164,086	474,297
Cash and cash equivalents at the end of year	627,924	1,164,086
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	627,924	1,164,086

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

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 500 Dashwood Lang Road, Bourne Business Park, Addlestone, Surrey, KT15 2HJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. When making this assessment, the Directors have 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 £2,400,401 as at 31 October 2023 (2022: £5,790,172) and made a profit for the year ended 31 October 2023 of £2,310,655 (2022: £2,635,632).

With regards to liquidity and EOT contributions, the Directors believe that the Company have sufficient resources to continue as a going concern due to cash optimization procedures which includes Invoice Financing.

The Directors therefore consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

2. Accounting policies (continued)

2.3 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.

2.4 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.5 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 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.

2.8 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting 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 Statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

2. Accounting policies (continued)

2.9 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.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgements in applying accounting policies 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

4. Turnover

An analysis of turnover by class of business is as follows:

	2023 £	2022 £
Rendering of services	16,292,861	11,876,251
Sale of goods	19,458,375	14,791,797
	<u>35,751,236</u>	<u>26,668,048</u>

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

5. Operating profit

The operating profit is stated after charging:

	2023 £	2022 £
Depreciation of tangible assets	5,717,793	3,595,461
Impairment of trade debtors	<u>182,006</u>	<u>139,593</u>

6. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2023 £	2022 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	9,450	9,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2023	<i>2022</i>
	£	<i>£</i>
Wages and salaries	1,934,161	<i>1,376,562</i>
Social security costs	223,582	<i>162,539</i>
Cost of defined contribution scheme	103,755	<i>93,789</i>
	<u>2,261,498</u>	<i><u>1,632,890</u></i>

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

	2023	<i>2022</i>
	No.	<i>No.</i>
Administrative staff	22	<i>16</i>
Management staff	9	<i>9</i>
	<u>31</u>	<i><u>25</u></i>

8. Directors' remuneration

	2023	<i>2022</i>
	£	<i>£</i>
Directors' emoluments	409,583	<i>15,000</i>
Company contributions to defined contribution pension schemes	42,532	<i>40,000</i>
	<u>452,115</u>	<i><u>55,000</u></i>

The highest paid director received remuneration of £184,167 (2022: £15,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £40,110 (2022: £40,000).

There has been an increase in the number of Directors of the company as part of the move to the EOT, contributing to the increase in Directors remuneration in the year

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

9. Taxation

	2023 £	2022 £
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	<u>774,000</u>	<u>888,000</u>
Total deferred tax	<u>774,000</u>	<u>888,000</u>
Taxation on profit on ordinary activities	<u>774,000</u>	<u>888,000</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - *higher than*) the standard rate of corporation tax in the UK of 22.52% (2022 - 19%). The enacted rate of Corporation Tax for periods commencing 1st April 2023 is 25%, therefore the deferred tax liability has been calculated in the accounts at 25%. The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>3,084,655</u>	<u>3,523,632</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.52% (2022 - 19%)	<u>694,596</u>	<u>669,490</u>
Effects of:		
Effect of expenses not deductible for tax purposes	2,033	7,051
Effect of capital allowances and depreciation	(720)	(1,108)
Capital allowances for year in excess of depreciation	232	95
Movement in deferred tax not recognised	1,122	(648)
Remeasurement of deferred tax for changes in tax rates	76,737	213,120
Total tax charge for the year	<u>774,000</u>	<u>888,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

10. Dividends

	2023 £	2022 £
Dividends paid during the year	330,671	230,000
	<u>330,671</u>	<u>230,000</u>

11. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation			
At 1 November 2022	322,992	46,843,712	47,166,704
Additions	120,257	29,652,886	29,773,143
Disposals	-	(14,984,308)	(14,984,308)
At 31 October 2023	<u>443,249</u>	<u>61,512,290</u>	<u>61,955,539</u>
Depreciation			
At 1 November 2022	184,632	5,296,134	5,480,766
Charge for the year on owned assets	38,390	5,679,403	5,717,793
Disposals	-	(3,667,004)	(3,667,004)
At 31 October 2023	<u>223,022</u>	<u>7,308,533</u>	<u>7,531,555</u>
Net book value			
At 31 October 2023	<u>220,227</u>	<u>54,203,757</u>	<u>54,423,984</u>
At 31 October 2022	<u>138,360</u>	<u>41,547,578</u>	<u>41,685,938</u>

The net book value of assets held under Hire Purchase contracts is £54,203,757. The depreciation charged on those assets is £7,308,533.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

12. Stocks

	2023 £	2022 £
Finished goods and goods for resale	2,320,404	1,368,643
	<u>2,320,404</u>	<u>1,368,643</u>

13. Debtors

	2023 £	2022 £
Trade debtors	5,416,144	4,071,688
Other debtors	50,917	1,471,208
Prepayments and accrued income	1,460,927	552,507
	<u>6,927,988</u>	<u>6,095,403</u>

14. Creditors: Amounts falling due within one year

	2023 £	2022 £
Bank loans and overdrafts	1,411,491	-
Trade creditors	918,296	1,664,544
Other taxation and social security	131,075	46,744
Obligations under finance lease and hire purchase contracts	11,608,338	8,838,118
Other creditors	12	710,819
Accruals and deferred income	84,496	114,638
	<u>14,153,708</u>	<u>11,374,863</u>

The obligations under finance leases and hire purchase contracts of £11,608,338 (2022: £8,838,118) relates to amounts due in respect of hire purchase agreements. These creditors are secured on the assets to which they relate.

The balance of bank loans is an invoice finance facility, which is secured by fixed and floating charges over the assets of the Company.

HERD HIRE LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

15. Creditors: Amounts falling due after more than one year

	2023 £	2022 £
Net obligations under finance leases and hire purchase contracts	44,805,191	30,982,035
	<u>44,805,191</u>	<u>30,982,035</u>

The obligations under finance leases and hire purchase contracts of £44,805,191 (2022: £30,982,035) relates to amounts due in respect of hire purchase agreements. These creditors are secured on the assets to which they relate.

16. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2023 £	2022 £
Within one year	14,464,719	10,804,508
Between 1-5 years	46,892,271	32,338,699
Less: future finance charges	(4,943,460)	(3,323,054)
	<u>56,413,530</u>	<u>39,820,153</u>

17. Deferred taxation

	2023 £
At beginning of year	(2,167,000)
Charged to profit or loss	(774,000)
At end of year	<u>(2,941,000)</u>

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	2,941,000	2,167,000
	<u>2,941,000</u>	<u>2,167,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

18. Share capital

	2023 £	2022 £
Authorised, allotted, called up and fully paid		
6,375 (2022 - 6,375) Ordinary shares of £0.01 each	<u>64</u>	<u>64</u>

19. 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.

20. Profit and loss account reconciliation

	2023 £	2022 £
Brought Forward	5,584,108	3,178,476
Profit For the Financial Year	2,310,655	2,635,632
Equity Dividend	(330,671)	(230,000)
Group Dividends for EOT Contributions	(5,369,755)	-
Carried Forward	<u>2,194,337</u>	<u>5,584,108</u>

21. Analysis of net debt

	At 1 November 2022 £	Cash flows £	At 31 October 2023 £
Cash at bank and in hand	1,164,086	(536,162)	627,924
Bank overdrafts	-	(53)	(53)
Debt due within 1 year	-	(1,411,438)	(1,411,438)
Finance leases	(39,820,153)	(16,593,376)	(56,413,529)
	<u>(38,656,067)</u>	<u>(18,541,029)</u>	<u>(57,197,096)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

22. Pension commitments

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £103,755 (2021: £93,789).

23. Transactions with directors

Included within other debtors is £NIL (2022: £401,492) owed to the Company at the year end by the directors. Interest is charged on the loan at 2% and the loan is repayable on demand.

24. Related Party Transactions

On 22 December 2022, the Herd Group Employee Ownership Trustee ("EOT") purchased 95% of the ordinary share capital of Herd Group Limited ("parent company"), following which the parent company is now an 'employee owned' company.

At 31 October 2023, deferred consideration of £13,672,000 is outstanding by the parent company with a remaining payment period of 3 years. The liabilities in relation to this transaction are held between the EOT and Herd Group Limited and Herd Hire Ltd does not act as a guarantor on the loans to the EOT. During the period, the Company made dividend payments to Herd Group Limited totalling £5,369,755 for EOT contributions which are included as a movement in reserves in the period.

The present obligation to make the future loan payments is that of the EOT so the liability for the future payments has not been recognised by the Company.

25. Controlling party

The ultimate parent company is Herd Group Limited, a company incorporated in England (no. 10379255). Herd Group Limited is the most senior parent entity preparing consolidated financial statements for the year to 31 October 2023. The registered office of Herd Group Limited is 500 Dashwood Lang Road, Bourne Business Park, Addlestone, England, KT15 2HJ.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.