

Company registration number 00080026 (England and Wales)

BOMFORD TURNER LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

BOMFORD TURNER LIMITED

COMPANY INFORMATION

Directors	Mr W S Hemingway Mr R H Raborn Mr C J L Davies	(Appointed 1 February 2022)
Secretary	Mr W S Hemingway	
Company number	00080026	
Registered office	Station Road Salford Priors Evesham Worcestershire WR11 8SW	
Auditor	Ormerod Rutter Limited The Oakley Kidderminster Road Droitwich Worcestershire WR9 9AY	

BOMFORD TURNER LIMITED

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BOMFORD TURNER LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Fair review of the business

The profit for the year after taxation, amounted to £1,589,000 (2021: profit £693,000)). The directors have not proposed a final ordinary dividend in respect of the current financial year (2021: £Nil).

Key performance indicators

The company's key performance indicators during the year were as follows

	2022	2021	Change
	£000	£000	
Turnover	29,213	23,892	22%
Gross profit	5,561	3,966	40%
Operating profit/(loss after tax)	2,055	839	145%
Profit after tax	1,589	693	129%
Shareholders' funds	16,740	15,151	10%
Average number of employees	161	157	3%

The company's turnover increased by 22% and profits increased by 129%.

Shareholder's funds increased by 10% due to there being no dividends paid.

Current trading and future outlook

Almost all UK manufacturers have had difficulty with the supply of components, labour and price rises in the first six months of 2023, caused by Covid-19 and the war in Ukraine. These issues have slightly reduced margins and contributed to an increase in manufacturing and logistical costs. With continued price rises and high inflation in both the UK and Europe due to increased energy costs, the Directors expect these disruptions to continue into 2023.

The trading results in the first six months of 2023 show an increase in turnover and profits in line with our budget commitments. The Directors are confident that despite this, the next financial year will be profitable due to the high levels of future orders, and also the nature of the industry in which the company operates.

Going concern

The directors have concluded it is appropriate that the financial statements have been prepared on a going concern basis.

Foreign currency risk

The business buys and sells goods and services denominated in currencies other than sterling. As a result, the value of the business' non-sterling denominated financial assets and liabilities and cash flows can be affected significantly by movements in exchange rates in general and in Euro and US dollar rates in particular. It is the UK group's policy, of which the company is a member, to enter into forward contracts to buy and sell Euro and US dollars against a portion of the future net excess of current Euro and US dollar book debts over Euro and US dollar book creditors.

Credit risk

In the normal course of business, the business sells items on deferred terms to other parties. Any risk associated with these third parties failing to honour their obligations arising from these transactions is minimised through credit insurance and rigorous credit control procedures with deferred terms only being granted to customers who demonstrate an appropriate payment history and satisfy other financial requirements. Individual exposures are continuously monitored on a customer by customer basis to ensure that exposure to bad debt is minimised. As a result of this, goods may sometimes only be supplied on a proforma basis or supply declined entirely.

Competitive trading risk

The company manages competitive trading risk by providing added value services to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers.

BOMFORD TURNER LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Liquidity risk

Liquidity movements are monitored carefully in order to recognise such risks on a timely basis. This is performed by a rolling cashflow forecast, which is reported to the group weekly and monthly. In the company's assessment of the situation, there are no liquidity bottlenecks identified in the planning period and therefore will be able to meet its financial obligations.

Creditor payment policy and practice

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

Promoting the success of the company

Section 172(1) statement Companies Act 2006

Throughout 2022, the directors have complied with the requirements of Section 172 of the Companies Act 2006, in promoting the long-term success of the Company for the benefit of all stakeholders. The following disclosure describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) and forms the directors' statement required under section 414CZA of The Companies Act 2006.

Engagement with stakeholders

As part of its ongoing activities of engaging with stakeholders, the directors have undertaken the following activities in 2022:

S h a r e h o l d e r s

Our ultimate shareholder is Alamo Group Inc. ("the Group"). We create value for the Group by generating strong and sustainable results that translate into dividends. We discuss our performance in monthly management meetings with the Group's executive directors and provide executive summaries for the Group Board. The directors routinely engage with the Group on topics of strategy, governance and performance and our strategic plans include information on the impact on each of our stakeholders including the community and environment.

E m p l o y e e s

In line with the Group's Total Commitments, protecting the health, safety and wellbeing of everyone who comes into contact with our business is our number one priority. Furthermore, we are committed to a diverse and inclusive work environment and helping our employees gain skills that support their personal ambitions and drive the business forward. During the year there have been business update presentations, staff intranet articles, new joiner inductions, offsite and online training modules

C u s t o m e r s

We aim to develop long-term relationships with our customers and partners. we operate an online dealer portal which was developed in 2020, it is specifically designed to meet the distributors and dealers needs to do business digitally. Accessible 24/7 and fully mobile optimised, this provides access to real-time live and accurate key information, enabling quick and efficient communication and providing higher levels of support.

S u p p l i e r s

Our suppliers and subcontractors are critical to our operations and we take a long-term collaborative approach to working with them. Our centralised procurement team develops relationships with the local supply chain and are also responsible for driving strategic 'alignment.

C o m m u n i t i e s

We aim to work by leaving behind a positive and lasting impression. To achieve this, we work closely with local communities to ensure both economic and social benefits are realised.

On behalf of the board

Mr W S Hemingway
Director

30 June 2023

BOMFORD TURNER LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activities

The principal activity of the company in the year under review was that of design, manufacture and marketing of agricultural and industrial machinery.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr W S Hemingway	(Appointed 1 February 2022)
Mr R H Raborn	
Mr C J L Davies	
Mr E T Madden	(Resigned 19 January 2022)

Disabled persons

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed and consulting with them in matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through informal meetings with the Company's management team, and with employees on individual matters.

Auditor

Ormerod Rutter Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

BOMFORD TURNER LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr W S Hemingway
Director

30 June 2023

BOMFORD TURNER LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOMFORD TURNER LIMITED

Opinion

We have audited the financial statements of Bomford Turner Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including 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 December 2022 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 *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.

Other information

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

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 our 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.

BOMFORD TURNER LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BOMFORD TURNER LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the 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 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company, we identified the principal risks of non-compliance with laws and regulations including those that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, and the extent to which non-compliance might have a material effect on the financial statements.

Audit procedures performed included:

- Discussions with management, including consideration of known or suspected instances of non compliance with laws and regulation and fraud;
- Discussions with management regarding potential litigation and claims;
- Reviewing relevant Board meeting minutes where available;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; entries posted containing unusual account descriptions, and entries posted with unusual amounts;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Challenging assumptions and judgements made by management in their significant accounting estimates in relation to the impairment provision, debtor recoverability and other accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

BOMFORD TURNER LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BOMFORD TURNER LIMITED

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 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.

Colm McGrory FCA
Senior Statutory Auditor
For and on behalf of Ormerod Rutter Limited

3 July 2023

Chartered Accountants
Statutory Auditor

The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

BOMFORD TURNER LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £000	2021 £000
Turnover	3	29,213	23,892
Cost of sales		(23,652)	(19,925)
Gross profit		5,561	3,967
Distribution costs		(1,260)	(1,213)
Administrative expenses		(2,246)	(1,926)
Other operating income		-	11
Operating profit	4	2,055	839
Interest payable and similar expenses	7	-	(9)
Profit before taxation		2,055	830
Tax on profit	8	(466)	(137)
Profit for the financial year		1,589	693

The profit and loss account has been prepared on the basis that all operations are continuing operations.

BOMFORD TURNER LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£000	£000	£000	£000
Fixed assets					
Tangible assets	10		7,317		7,839
Current assets					
Stocks	11	7,895		7,343	
Debtors	12	23,617		8,596	
Cash at bank and in hand		268		480	
		<u>31,780</u>		<u>16,419</u>	
Creditors: amounts falling due within one year	13	<u>(21,825)</u>		<u>(8,429)</u>	
Net current assets			<u>9,955</u>		<u>7,990</u>
Total assets less current liabilities			<u>17,272</u>		<u>15,829</u>
Creditors: amounts falling due after more than one year	14		-		(298)
Provisions for liabilities					
Provisions	16	182		84	
Deferred tax liability	17	350		296	
		<u>(532)</u>		<u>(380)</u>	
Net assets			<u>16,740</u>		<u>15,151</u>
Capital and reserves					
Called up share capital	19		2,485		2,485
Share premium account			17		17
Profit and loss reserves			<u>14,238</u>		<u>12,649</u>
Total equity			<u>16,740</u>		<u>15,151</u>

The financial statements were approved by the board of directors and authorised for issue on 30 June 2023 and are signed on its behalf by:

Mr C J L Davies
Director

Company Registration No. 00080026

BOMFORD TURNER LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

		Share capital	Share premium account	Profit and loss reserves	Total
	Notes	£000	£000	£000	£000
Balance at 1 January 2021		2,485	17	13,956	16,458
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	693	693
Dividends	9	-	-	(2,000)	(2,000)
Balance at 31 December 2021		2,485	17	12,649	15,151
Year ended 31 December 2022:					
Profit and total comprehensive income for the year		-	-	1,589	1,589
Balance at 31 December 2022		2,485	17	14,238	16,740

BOMFORD TURNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Bomford Turner Limited is a private company limited by shares incorporated in England and Wales. The registered office is Station Road, Salford Priors, Evesham, Worcestershire, WR11 8SW.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Alamo Group Inc. These consolidated financial statements are available from its registered office, Alamo Group Inc., 1627 E. Walnut Street, Seguin, Texas 78155.

1.2 Going concern

These financial statements have been drawn up on the going concern basis. If the going concern basis were not appropriate, adjustments would have been made to reduce assets to recoverable amounts, to provide for any further liabilities that might arise, and to re-classify fixed assets as current assets and long term liabilities as current liabilities.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

BOMFORD TURNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the provision of services is recognised by reference to the stage of completion, when the costs incurred and costs to complete can be estimated reliably.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	3-50 years
Plant and machinery	3-10 years
Motor vehicles	3-10 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

BOMFORD TURNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

BOMFORD TURNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

BOMFORD TURNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.13 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

BOMFORD TURNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- Carrying value and useful economic life of tangible assets

BOMFORD TURNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Current asset provisions

Estimates are made by management to establish the net realisable value of various elements of working capital, principally stock and trade debtors. Provisions are established for net realisable value and bad and doubtful debt risks. Provisions are based on the facts available at the time and applied to stock and trade debtors.

In estimating the net realisable value of stock, judgement is required in assessing their likely value on realisation taking into account market and technological changes.

In estimating the collectability of trade debtors, judgement is required in assessing their likely realisation, including the current creditworthiness of each customer and related ageing of past due balances. Specific accounts are assessed in situations where a customer may not be able to meet its financial obligations due to deterioration of its financial condition.

Product warranties

Provision is made for the estimated liability on all products still under warranty, including claims already received and is included in "provisions for liabilities". The estimation is based on a percentage of whole good sales which is calculated by taking warranty costs over the last six years as a percentage of whole good sales over the last six years, and any specific known matters.

3 Turnover and other revenue

	2022 £000	2021 £000
Turnover analysed by geographical market		
United Kingdom	21,735	18,152
Overseas	7,478	5,740
	<u>29,213</u>	<u>23,892</u>
	2022 £000	2021 £000
Other revenue		
Grants received	-	11
	<u>-</u>	<u>11</u>

Included within turnover £14,730,000 relates to intercompany sales (2021: £12,428,000).

BOMFORD TURNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Operating profit

	2022	2021
	£000	£000
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(258)	101
Research and development costs	(29)	(25)
Government grants	-	(11)
Fees payable to the company's auditor for the audit of the company's financial statements	27	44
Depreciation of owned tangible fixed assets	550	530
(Profit)/loss on disposal of tangible fixed assets	(21)	7
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
Production	116	139
Administrative	45	18
	<u> </u>	<u> </u>
Total	161	157
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2022	2021
	£000	£000
Wages and salaries	5,190	4,740
Social security costs	579	494
Pension costs	180	177
	<u> </u>	<u> </u>
	5,949	5,411
	<u> </u>	<u> </u>

6 Directors' remuneration

All of the Company's directors are also directors of other Alamo Group Inc. group companies. Two of the directors during the year were remunerated by Alamo Group Europe Limited (2021: two). The aggregate amount paid by Alamo Group Europe Limited in respect of these directors' remuneration for the year ending 31 December 2022 was £506,000 (2021: £530,000). Emoluments, excluding pension contributions and employers NIC, in respect of the highest paid director were £354,000 (2021: £313,000). The directors do not believe that it is practical to apportion this amount between their services as directors of the Company and their services as directors of the other Alamo Group Inc. group companies. The third director is remunerated through another Alamo Group Inc. group company. The allocation of this director's remuneration for qualifying services provided to the Company during the period is negligible (2021: negligible).

7 Interest payable and similar expenses

	2022	2021
	£000	£000
Interest on leases	-	9
	<u> </u>	<u> </u>

BOMFORD TURNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Taxation

	2022 £000	2021 £000
Current tax		
UK corporation tax on profits for the current period	368	137
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	98	-
	<u> </u>	<u> </u>
Total tax charge	466	137
	<u> </u>	<u> </u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £000	2021 £000
Profit before taxation	2,055	830
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	390	158
Tax effect of expenses that are not deductible in determining taxable profit	(12)	(11)
Permanent capital allowances in excess of depreciation	3	(184)
Other timing differences	85	174
	<u> </u>	<u> </u>
Taxation charge for the year	466	137
	<u> </u>	<u> </u>

9 Dividends

	2022 £000	2021 £000
Dividends paid	-	2,000
	<u> </u>	<u> </u>

BOMFORD TURNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Tangible fixed assets

	Freehold land and buildings £000	Assets under construction £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost					
At 1 January 2022	7,668	882	3,762	111	12,423
Additions	-	319	9	77	405
Disposals	-	-	(465)	(61)	(526)
Transfers	-	(908)	908	-	-
At 31 December 2022	7,668	293	4,214	127	12,302
Depreciation and impairment					
At 1 January 2022	2,043	-	2,491	50	4,584
Depreciation charged in the year	213	-	290	47	550
Eliminated in respect of disposals	-	-	(88)	(61)	(149)
At 31 December 2022	2,256	-	2,693	36	4,985
Carrying amount					
At 31 December 2022	5,412	293	1,521	91	7,317
At 31 December 2021	5,625	882	1,271	61	7,839

Included in the total net book value of Plant & Machinery is £nil (2021 £377,000) in respect of assets held under finance leases. Depreciation for the year on these assets was £nil (2021: £38,000).

11 Stocks

	2022 £000	2021 £000
Raw materials	494	364
Work in progress	2,005	1,886
Finished goods	5,396	5,093
	7,895	7,343

The difference between purchase price or production cost of stocks and their replacement cost is not material.

BOMFORD TURNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Debtors

	2022	2021
	£000	£000
Amounts falling due within one year:		
Trade debtors	4,611	3,476
Corporation tax recoverable	212	390
Amounts owed by group undertakings	18,074	3,889
Other debtors	416	630
Prepayments and accrued income	304	205
	<u>23,617</u>	<u>8,590</u>
	<u>23,617</u>	<u>8,590</u>
Amounts falling due after more than one year:		
	2022	2021
	£000	£000
Deferred tax asset (note 17)	-	6
	<u>-</u>	<u>6</u>
Total debtors	<u>23,617</u>	<u>8,596</u>
	<u>23,617</u>	<u>8,596</u>

Amounts owed by group undertakings carry no interest and are payable on demand.

13 Creditors: amounts falling due within one year

	Notes	2022	2021
		£000	£000
Obligations under finance leases	15	-	78
Trade creditors		1,797	2,885
Amounts owed to group undertakings		19,485	5,019
Taxation and social security		140	123
Other creditors		1	2
Accruals and deferred income		402	322
		<u>21,825</u>	<u>8,429</u>
		<u>21,825</u>	<u>8,429</u>

Amounts owed to group undertakings carry no interest and are payable on demand.

14 Creditors: amounts falling due after more than one year

	Notes	2022	2021
		£000	£000
Obligations under finance leases	15	-	298
		<u>-</u>	<u>298</u>
		<u>-</u>	<u>298</u>

BOMFORD TURNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15 Finance lease obligations

	2022 £000	2021 £000
Future minimum lease payments due under finance leases:		
Within one year	-	78
In two to five years	-	298
	<u>-</u>	<u>376</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 6 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

16 Provisions for liabilities

	2022 £000	2021 £000
	182	84
	<u>182</u>	<u>84</u>

Movements on provisions:

	£000
At 1 January 2022	84
Additional provisions in the year	98
	<u>182</u>
At 31 December 2022	<u>182</u>

A provision is recognised for expected warranty claims on products sold during the year, also an extended warranty provision is maintained for products covered by this optional facility. It is expected that a large proportion of these costs will be incurred in the next financial year, the remaining attributable to extended warranties will be in subsequent years.

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022 £000	Liabilities 2021 £000	Assets 2022 £000	Assets 2021 £000
Balances:				
Accelerated capital allowances	350	296	-	6
	<u>350</u>	<u>296</u>	<u>-</u>	<u>6</u>

BOMFORD TURNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

17 Deferred taxation (Continued)

	2022 £000
Movements in the year:	
Liability at 1 January 2022	290
Charge to profit or loss	60
Liability at 31 December 2022	<u>350</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

18 Retirement benefit schemes

	2022 £000	2021 £000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>180</u>	<u>177</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Included within accruals is £3,000 (2021: £3,000) relating to outstanding contributions payable to this pension scheme.

19 Share capital

	2022 £000	2021 £000
Ordinary share capital		
Issued and fully paid		
2,484,666 Ordinary shares of £1 each	<u>2,485</u>	<u>2,485</u>

20 Financial commitments, guarantees and contingent liabilities

The company has entered into an omnibus letter of set-off with the bank, Lloyds Bank Plc, between Alamo Group Europe Limited, McConnel Limited, Bomford Turner Limited, Bomford Turner (1954) Ltd, and Spearhead Machinery Limited. This agreement provides for each of the companies party to the Agreement (as noted above) to guarantee all monies and liabilities at any time due owing or incurred from or by each of the other companies to the Bank; and would permit the Bank at any time to combine or consolidate all or any of the companies bank accounts and transfer all or any sums standing to the credit of such bank accounts in or towards satisfaction of all or any of the companies' liabilities to the Bank. The set-off balance of the companies at the balance sheet date was net £3,220,000 (2021: £4,428,000)).

BOMFORD TURNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £000	2021 £000
Within one year	79	23
Between two and five years	201	-
In over five years	20	-
	<u>300</u>	<u>23</u>

22 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £nil (2021: £nil).

23 Ultimate controlling party

In the opinion of the directors, the ultimate parent undertaking of the smallest and largest group of which the company is a member is Alamo Group Inc, Seguin, Texas, USA. Copies of that company's accounts may be obtained from Alamo Group Inc., 1627 E. Walnut Street, Seguin, Texas 78155.

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