

Parris Tractors Limited

**Annual Report and Financial Statements
Year Ended 31 March 2021**

Registration number: 08977682

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Parris Tractors Limited

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Parris Tractors Limited

Company Information

Directors	Mr A P Parris
	Mrs S M Parris
	Mr R A J Parris
	Mrs P J Parris
Registered office	Ground Floor
	Blackbrook Gate 1
	Blackbrook Business Park
	Taunton
	Somerset
Auditors	TA1 2PX
	PKF Francis Clark
	Statutory Auditor
	Ground Floor
	Blackbrook Gate 1
	Blackbrook Business Park
	Taunton
	TA1 2PX

Parris Tractors Limited

Strategic Report for the Year Ended 31 March 2021

The directors present their strategic report for the year ended 31 March 2021.

Principal activity

The principal activity of the company is the trading of agricultural machinery, equipment and supplies.

Fair review of the business

The directors believe the financial results for the year ended 31st March 2021 are positive, despite the uncertain UK and agricultural sector economic conditions. Currency continues to be in favour of the business and this has contributed to another year of strong demand from overseas customers. Supply chains have experienced disruption and delays following Brexit, therefore impacting the pricing of new machinery, which in turn has positively affected the ability to sell second hand equipment.

'Rest of the World' exports have increased this year (particularly pre-31st December 2020) due to the uncertainty surrounding changes to customs laws and regulations which came into place on 1st January 2021. This saw demand from overseas customers increase significantly in the few months leading up to 31st December 2020 in particular, as they sought to secure equipment before the rule changes.

The agricultural sector has been regarded as an essential service throughout the COVID-19 pandemic and therefore the industry has not been as affected as many others.

The company continues to monitor and control its costs.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2021	2020
Turnover	£	28,616,421	24,432,645
Gross Margin	£	1,325,039	1,150,551
Gross Margin	%	5	5
Profit before tax	£	770,280	602,703
Net cash flow	£	363,339	(9,951)

Parris Tractors Limited

Strategic Report for the Year Ended 31 March 2021


Principal risks and uncertainties

The principal risks and uncertainties that face the company are considered to be the state of the agricultural industry as a whole within the South West of England and its European import and export markets. Also, the value of sterling against foreign currencies has a significant impact on both sales and margins.

The UK exit from the European Union has resulted in the introduction of strict new phytosanitary regulations surrounding the export of agricultural machinery. As a result, customers are having difficulties importing equipment from the UK which is affecting overseas demand. Our business has also had to incur additional costs to ensure it adheres to the new customs and phytosanitary regulations.

The directors have considered the ongoing impact of COVID-19 on the business and, whilst there was some initial disruption and additional costs incurred, have concluded that this is not a principal risk of the business.

Approved by the Board on 17/12/21 and signed on its behalf by:



Mr R A J Parris
Director

Parris Tractors Limited

Directors' Report for the Year Ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Directors of the company

The directors who held office during the year were as follows:

Mr A P Parris

Mrs S M Parris

Mr R A J Parris

Mrs P J Parris

Financial instruments

Objectives and policies

The company's activities expose it to a number of financial risks including credit risk, cashflow risk and liquidity risk. The use, and nature, of financial instruments are determined by the directors, in the context of trading terms made available to the company by the customers and suppliers, with the objective of securing the liquidity and profitability of the company.

Price risk, credit risk, liquidity risk and cash flow risk

The company has a normal level of exposure to price, liquidity and cash flow risks arising from trading activities.

Liquidity risk- the company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business. Liquidity risk is managed through working capital facilities provided by the company's bankers and trading terms agreed with trade creditors, suppliers, and directors loan accounts.

Interest rate risk- The company is exposed to interest rate risk on its variable rate borrowings. Management continue to monitor the effect of changes in interest rates and manage borrowings to achieve finance at a rate aligned with the company's long term strategy. The company's borrowings consist of variable interest rate overdraft facility, the company is therefore exposed to interest rate risk on variable rate borrowings.

Trade debtors are managed in respect of credit and cash flow risk policies concerning the credit offered to customers, and the regular monitoring of amounts outstanding for both time and limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due. Trade creditors are paid in line with agreed credit terms and conditions, subject to correct invoicing.

Parris Tractors Limited

Directors' Report for the Year Ended 31 March 2021

Future developments

The uncertainties of Brexit facing the agricultural sector is having an impact on sales and pricing of new machinery and this is, in turn, affects the supply of second hand machinery into the marketplace. However, the directors are satisfied that the underlying strength of the business and the customer relationships stand the company in good stead in the coming year.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 17/12/21 and signed on its behalf by:



Mr R A J Parris
Director

Parris Tractors Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

Parris Tractors Limited

Independent Auditor's Report to the Members of Parris Tractors Limited

Opinion

We have audited the financial statements of Parris Tractors Limited (the 'company') for the year ended 31 March 2021, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 March 2021 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Parris Tractors Limited

Independent Auditor's Report to the Members of Parris Tractors Limited

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 and the Directors' Report.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

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:

Parris Tractors Limited

Independent Auditor's Report to the Members of Parris Tractors Limited

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the entity and the sector in which it operates to identify the key laws and regulations affecting the entity. As part of this assessment process we discussed with management the laws and regulations applicable to the company, reviewed certification identified on the company website and other communications and considered findings from previous audits.

The key laws and regulations we identified were Health & Safety at Work legislation and EU-UK Trade and Cooperation Agreement.

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, primarily Companies Act 2006, Corporation Taxes Acts 2009 & 2010, and the Capital Allowances Act 2001.

We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. We also identified the individuals who have responsibility for ensuring that the entity complies with laws and regulations and deal with reporting any issues if they arise. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the entity's ability to continue trading and the risk of material misstatement to the financial statements.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements;
- Review of relevant correspondence, reports and documentation; and
- Review of legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.

As part of our enquiries we discussed with management whether there have been any known instances, allegations or suspicions of fraud, of which management confirmed there had been none during or after the period.

We also evaluated the risk of fraud through management override including that arising from management incentives. The key risks we identified were incentives relating to reduction of profits in order to minimise the company's tax liability, and we determined that the principle risks were related to the understatement of profits and revenue recognition, either through overstating expenditure or management bias in accounting estimates.

In response to the identified risk, as part of our audit work we:

- Reviewed and tested journal entries throughout the year, for appropriateness;
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates;
- Undertook sample testing and analytical review of expenditure incurred during the year, for appropriateness; and
- Undertook sample testing and analytical review of revenue recognised during the year, for appropriateness.

Parris Tractors Limited

Independent Auditor's Report to the Members of Parris Tractors Limited

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. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. 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, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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.



Nicholas Farrant BA MSc FCA (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Ground Floor
Blackbrook Gate 1
Blackbrook Business Park
Taunton
TA1 2PX

Date: 20th DECEMBER 2021

Parris Tractors Limited

Profit and Loss Account

Year Ended 31 March 2021

	Note	2021 £	2020 £
Turnover	3	28,616,421	24,432,645
Cost of sales		<u>(27,291,382)</u>	<u>(23,282,094)</u>
Gross profit		1,325,039	1,150,551
Administrative expenses		<u>(362,002)</u>	<u>(353,189)</u>
Amortisation of goodwill		<u>(200,000)</u>	<u>(200,000)</u>
Administrative expenses including amortisation		(562,002)	(553,189)
Other operating income	4	<u>8,882</u>	<u>-</u>
Operating profit	5	<u>771,919</u>	<u>597,362</u>
Other interest receivable and similar income	9	8,129	10,400
Interest payable and similar expenses	10	<u>(9,768)</u>	<u>(5,059)</u>
		<u>(1,639)</u>	<u>5,341</u>
Profit before tax		770,280	602,703
Tax on profit	11	<u>(181,281)</u>	<u>(152,513)</u>
Profit for the financial year		<u><u>588,999</u></u>	<u><u>450,190</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

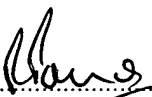
Parris Tractors Limited

Balance Sheet

31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	750,000	950,000
Tangible assets	13	<u>401,560</u>	<u>517,797</u>
		<u>1,151,560</u>	<u>1,467,797</u>
Current assets			
Stocks	14	4,959,831	4,746,926
Debtors	15	2,124,426	2,708,406
Cash at bank and in hand		<u>365,444</u>	<u>2,105</u>
		<u>7,449,701</u>	<u>7,457,437</u>
Creditors: Amounts falling due within one year	18	<u>(5,557,338)</u>	<u>(6,440,224)</u>
Net current assets		<u>1,892,363</u>	<u>1,017,213</u>
Total assets less current liabilities		<u>3,043,923</u>	<u>2,485,010</u>
Provisions for liabilities	20	<u>(76,296)</u>	<u>(98,382)</u>
Net assets		<u><u>2,967,627</u></u>	<u><u>2,386,628</u></u>
Capital and reserves			
Called up share capital		34	34
Profit and loss account		<u>2,967,593</u>	<u>2,386,594</u>
Shareholders' funds		<u><u>2,967,627</u></u>	<u><u>2,386,628</u></u>

Approved and authorised by the Board on 17/12/21 and signed on its behalf by:



 Mr R A Parris
 Director

Company Registration Number: 08977682

Parris Tractors Limited

Statement of Changes in Equity

Year Ended 31 March 2021

	Share capital £	Profit and loss account £	Total £
At 1 April 2020	34	2,386,594	2,386,628
Profit for the year	-	588,999	588,999
Total comprehensive income	-	588,999	588,999
Dividends	-	(8,000)	(8,000)
At 31 March 2021	34	2,967,593	2,967,627

	Share capital £	Profit and loss account £	Total £
At 1 April 2019	34	1,936,404	1,936,438
Profit for the year	-	450,190	450,190
Total comprehensive income	-	450,190	450,190
At 31 March 2020	34	2,386,594	2,386,628

Parris Tractors Limited

Statement of Cash Flows

Year Ended 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit for the year		588,999	450,190
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	244,780	257,834
Profit on disposal of tangible assets		(37,003)	(31,070)
Finance income	9	(8,129)	(10,400)
Finance costs	10	9,768	5,059
Corporation tax	11	181,281	152,513
		<u>979,696</u>	<u>824,126</u>
Working capital adjustments			
(Increase)/decrease in stocks	14	(212,905)	659,446
Decrease in debtors	15	583,980	673,107
Decrease in creditors	18	(1,149,075)	(884,019)
Increase in deferred income, including government grants		<u>84,750</u>	<u>2,250</u>
Cash generated from operations		286,446	1,274,910
Corporation tax paid	11	<u>(107,887)</u>	<u>(138,467)</u>
Net cash flow from operating activities		<u>178,559</u>	<u>1,136,443</u>
Cash flows from investing activities			
Interest received		8,129	10,400
Acquisitions of tangible assets		(213,440)	(555,689)
Proceeds from sale of tangible assets		<u>321,900</u>	<u>294,050</u>
Net cash flows from investing activities		<u>116,589</u>	<u>(251,239)</u>
Cash flows from financing activities			
Interest paid		(9,768)	(5,059)
Net receipts/(payments) to hire purchase creditors		<u>322,913</u>	<u>-</u>
Net cash flows from financing activities		<u>313,145</u>	<u>(5,059)</u>
Net increase in cash and cash equivalents		608,293	880,145
Cash and cash equivalents at 1 April		<u>(242,849)</u>	<u>(1,114,994)</u>
Cash and cash equivalents at 31 March	16	<u><u>365,444</u></u>	<u><u>(234,849)</u></u>

The notes on pages 15 to 28 form an integral part of these financial statements.

Parris Tractors Limited

Notes to the Financial Statements

Year Ended 31 March 2021

1 General information

The company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office is:

Ground Floor
Blackbrook Gate 1
Blackbrook Business Park
Taunton
Somerset
TA1 2PX

The principal place of business is:

Cutliffe Farm
Sherford
Taunton
Somerset
TA1 3FU

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Parris Tractors Limited

Notes to the Financial Statements

Year Ended 31 March 2021

Key judgements and 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 amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are as follows.

Tangible fixed assets are carried at cost, less accumulated depreciation and any subsequent accumulated impairment loss. This requires an estimation in the depreciation rates used and residual values attainable when the assets are sold, as well as an assessment of the ongoing economic contribution of the assets of the company as to whether an indicator of impairment has occurred. The carrying amount is £401,560 (2020 - £517,797).

Goodwill is considered to have a finite useful life, the directors believe goodwill should be amortised over 10 years. This estimate is based upon the economic climate and no reliable estimate being able to be achieved as required under FRS 102 to amortise over a longer period. The carrying amount is £750,000 (2020 - £950,000).

Stock is measured at the lower of cost and net realisable value. This requires estimation as to the net realisable value of each stock line, as to whether a provision is required. The carrying amount is £4,959,831 (2020 - £4,746,926).

Trade debtors are constantly being managed and are reviewed throughout the year. A provision for doubtful debt is made where recovery of debt is uncertain, this is on a case by case basis. The carrying amount is £1,841,869 (2020 - £2,661,064).

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the company.

Revenue relating to the sale of goods is recognised in the profit and loss account on delivery or collection. Where customers are invoiced prior to delivery of goods a deferred income balance arises which is included within accruals and deferred income within current liabilities.

Revenue relating to the sale of services is recognised in the profit and loss account when the service has been provided.

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Parris Tractors Limited

Notes to the Financial Statements

Year Ended 31 March 2021

The current corporation 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 taxable income.

Deferred tax is recognised on all timing differences at the balance sheet date unless indicated below. Timing differences are differences between taxable profits and the results as stated in the profit and loss account and other comprehensive income. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	10% reducing balance
Motor vehicles	10-25% reducing balance
Office equipment	20% reducing balance

Goodwill

Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	10% straight line

Stocks

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Cost represents the purchase price of goods for resale, net any discounts receivable.

Parris Tractors Limited

Notes to the Financial Statements

Year Ended 31 March 2021

Leases

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

The company holds the following financial instruments:

- Short term trade and other debtors and creditors;
- Bank loans; and
- Cash and bank balances.

All financial instruments are classified as basic.

Recognition and measurement

The company has chosen to apply the recognition and measurement principles in FRS102.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Except for bank loans, such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Bank loans are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method.

Parris Tractors Limited

Notes to the Financial Statements

Year Ended 31 March 2021

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2021	2020
	£	£
Sale of goods	28,616,421	24,430,890
Commissions received	-	1,755
	<u>28,616,421</u>	<u>24,432,645</u>

The analysis of the company's turnover for the year by class of business is as follows:

	2021	2020
	£	£
Tractor and machinery sales	28,035,682	23,763,746
Other sales	580,739	667,144
Commissions received	-	1,755
	<u>28,616,421</u>	<u>24,432,645</u>

The analysis of the company's turnover for the year by market is as follows:

	2021	2020
	£	£
UK	18,128,217	13,502,994
Europe	9,451,020	10,338,004
Rest of world	1,037,184	591,647
	<u>28,616,421</u>	<u>24,432,645</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021	2020
	£	£
Government grants	1,382	-
HMRC compensation income	7,500	-
	<u>8,882</u>	<u>-</u>

Parris Tractors Limited

Notes to the Financial Statements

Year Ended 31 March 2021

5 Operating profit

Arrived at after charging/(crediting):

	2021	2020
	£	£
Depreciation expense	44,780	57,834
Amortisation expense	200,000	200,000
Foreign exchange losses	4,785	1,141
Profit on disposal of property, plant and equipment	<u>(37,003)</u>	<u>(31,070)</u>

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021	2020
	£	£
Wages and salaries	161,724	125,855
Social security costs	9,862	8,563
Pension costs, defined contribution scheme	<u>4,397</u>	<u>3,838</u>
	<u>175,983</u>	<u>138,256</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2021	2020
	No.	No.
Administration and support staff	4	4
Operational staff	<u>6</u>	<u>4</u>
	<u>10</u>	<u>8</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021	2020
	£	£
Remuneration	<u>8,412</u>	<u>8,412</u>

8 Auditor's remuneration

	2021	2020
	£	£
Audit of the financial statements	<u>10,900</u>	<u>8,500</u>

Parris Tractors Limited

Notes to the Financial Statements

Year Ended 31 March 2021

9 Other interest receivable and similar income

	2021 £	2020 £
Other finance income	8,129	10,400

10 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and borrowings	3,070	5,059
Other interest payable	6,698	-
	9,768	5,059

11 Taxation

Tax charged/(credited) in the income statement

	2021 £	2020 £
Current taxation		
UK corporation tax	203,367	107,888
UK corporation tax adjustment to prior periods	-	(1)
	203,367	107,887
Deferred taxation		
Arising from origination and reversal of timing differences	(22,086)	44,626
Tax expense in the income statement	181,281	152,513

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	770,280	602,703
Corporation tax at standard rate	146,353	114,514
Effect of revenues exempt from taxation	(1,545)	-
Effect of expense not deductible in determining taxable profit (tax loss)	1,229	-
Tax increase from effect of capital allowances and depreciation	37,999	37,999
Other tax effects for reconciliation between accounting profit and tax expense (income)	(2,755)	-
Total tax charge	181,281	152,513

Parris Tractors Limited

Notes to the Financial Statements

Year Ended 31 March 2021

Deferred tax

Deferred tax assets and liabilities

2021

**Liability
£**

Fixed asset timing differences

76,296

2020

**Liability
£**

Fixed asset timing differences

98,382

12 Intangible assets

Cost or valuation

At 1 April 2020

2,000,000

2,000,000

At 31 March 2021

2,000,000

2,000,000

Amortisation

At 1 April 2020

1,050,000

1,050,000

Amortisation charge

200,000

200,000

At 31 March 2021

1,250,000

1,250,000

Carrying amount

At 31 March 2021

750,000

750,000

At 31 March 2020

950,000

950,000

Parris Tractors Limited

Notes to the Financial Statements

Year Ended 31 March 2021

13 Tangible assets

	Office equipment £	Motor vehicles £	Plant and machinery £	Total £
Cost or valuation				
At 1 April 2020	1,832	61,199	518,158	581,189
Additions	-	27,400	186,040	213,440
Disposals	-	(52,313)	(265,500)	(317,813)
At 31 March 2021	1,832	36,286	438,698	476,816
Depreciation				
At 1 April 2020	366	7,485	55,541	63,392
Charge for the year	293	3,517	40,970	44,780
Eliminated on disposal	-	(6,366)	(26,550)	(32,916)
At 31 March 2021	659	4,636	69,961	75,256
Carrying amount				
At 31 March 2021	1,173	31,650	368,737	401,560
At 31 March 2020	1,466	53,714	462,617	517,797

14 Stocks

	2021 £	2020 £
Finished goods and goods for resale	4,959,831	4,746,926
The carrying amount of stocks pledged as security for liabilities amounted to £289,465 (2020 - £Nil).		

15 Debtors

	2021 £	2020 £
Trade debtors	1,841,869	2,661,064
Other debtors	252,038	26,466
Prepayments	20,519	20,876
Accrued income	10,000	-
	2,124,426	2,708,406

Parris Tractors Limited

Notes to the Financial Statements

Year Ended 31 March 2021

16 Cash and cash equivalents

	2021 £	2020 £
Cash at bank	365,444	2,105
Bank overdrafts	-	(236,954)
Cash and cash equivalents in statement of cash flows	<u>365,444</u>	<u>(234,849)</u>

17 Analysis of cash and cash equivalents and net debt

	At 1 April 2020 £	Cash flow £	Non-cash movement £	At 31 March 2021 £
Cash at bank and on hand	2,105	363,339	-	365,444
Bank overdrafts	(236,954)	236,954	-	-
Cash and cash equivalents	<u>(234,849)</u>	<u>600,293</u>	<u>-</u>	<u>365,444</u>
Finance lease obligations due within one year	-	(322,913)	-	(322,913)
Net debt	<u>(234,849)</u>	<u>277,380</u>	<u>-</u>	<u>42,531</u>

18 Creditors

	Note	2021 £	2020 £
Due within one year			
Loans and borrowings	19	322,913	236,954
Trade creditors		3,213,401	3,389,708
Other creditors		1,152,471	1,708,815
Corporation tax		203,368	107,888
Social security and other taxes		3,366	747,413
Accrued expenses		574,819	247,196
Deferred income		87,000	2,250
		<u>5,557,338</u>	<u>6,440,224</u>

Parris Tractors Limited

Notes to the Financial Statements

Year Ended 31 March 2021

19 Loans and borrowings

	2021 £	2020 £
Current loans and borrowings		
Bank overdrafts	-	236,954
Hire purchase contracts	322,913	-
	<u>322,913</u>	<u>236,954</u>

The bank overdraft is secured by way of a fixed and floating charge over the company's assets.

Bank borrowings

The bank overdraft is denominated in sterling with a nominal interest rate of 1.25% plus base rate. The carrying amount at year end is £Nil (2020 - £236,954).

The bank overdraft is secured by way of a fixed and floating charge over the company's assets.

Other borrowings

The hire purchase lease liability is denominated in sterling with a nominal interest rate of 0%. The carrying amount at year end is £322,913 (2020 - £Nil).

The final instalment of the liabilities in existence at the balance sheet date is due on 30 June 2021. The hire purchase lease liability is secured over the assets it relates to.

20 Provisions for liabilities

	Deferred tax £	Total £
At 1 April 2020	98,382	98,382
Decrease in existing provisions	<u>(22,086)</u>	<u>(22,086)</u>
At 31 March 2021	<u>76,296</u>	<u>76,296</u>

21 Pension schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £4,397 (2020 - £3,838).

Parris Tractors Limited

Notes to the Financial Statements

Year Ended 31 March 2021

22 Share capital

Allotted, called up and fully paid shares

	No.	2021 £	No.	2020 £
Ordinary A shares of £0.10 each	100	10.00	100	10.00
Ordinary B shares of £0.10 each	100	10.00	100	10.00
Ordinary C shares of £0.10 each	100	10.00	100	10.00
Ordinary D shares of £0.10 each	10	1.00	10	1.00
Ordinary E shares of £0.10 each	10	1.00	10	1.00
Ordinary F shares of £0.10 each	10	1.00	10	1.00
Ordinary G shares of £0.10 each	10	1.00	10	1.00
	<u>340</u>	<u>34</u>	<u>340</u>	<u>34</u>

Rights, preferences and restrictions

Ordinary A shares have the following rights, preferences and restrictions:

Entitled to full voting rights and rank equally in terms of dividends and distributions.

Ordinary B shares have the following rights, preferences and restrictions:

Rank equally for dividends and other distributions but do not carry any voting rights.

Ordinary C shares have the following rights, preferences and restrictions:

Rank equally for dividends and other distributions but do not carry any voting rights.

Ordinary D shares have the following rights, preferences and restrictions:

→ Entitled to dividends at the discretion of the directions and do not carry any voting rights.

Ordinary E shares have the following rights, preferences and restrictions:

Entitled to dividends at the discretion of the directions and do not carry any voting rights.

Ordinary F shares have the following rights, preferences and restrictions:

Entitled to dividends at the discretion of the directions and do not carry any voting rights.

Ordinary G shares have the following rights, preferences and restrictions:

Entitled to dividends at the discretion of the directions and do not carry any voting rights.

Parris Tractors Limited

Notes to the Financial Statements

Year Ended 31 March 2021

23 Dividends

Interim dividends paid

	2021 £	2020 £
Interim dividend of £200 (2020 - £Nil) per each Ordinary D shares	2,000	-
Interim dividend of £200 (2020 - £Nil) per each Ordinary E shares	2,000	-
Interim dividend of £200 (2020 - £Nil) per each Ordinary F shares	2,000	-
Interim dividend of £200 (2020 - £Nil) per each Ordinary G shares	2,000	-
	<u>2,000</u>	<u>-</u>
	<u>8,000</u>	<u>-</u>

After the balance sheet date, interim dividends of £2,000 were declared on each of the following share classes; D, E, F and G. These dividends have not been accrued in the Balance Sheet.

24 Related party transactions

Key management compensation

	2021 £	2020 £
Salaries and other short term employee benefits	<u>8,412</u>	<u>8,412</u>

Transactions with directors

	At 1 April 2020 £	Advances from directors £	Repayments to directors £	At 31 March 2021 £
2021				
Director 1				
Interest free loan repayable on demand	<u>1,368,861</u>	<u>(316,272)</u>	<u>2,653</u>	<u>1,055,242</u>
Director 2				
Interest free loan repayable on demand	<u>701</u>	<u>(9,113)</u>	<u>8,412</u>	<u>-</u>

Parris Tractors Limited

Notes to the Financial Statements

Year Ended 31 March 2021

	At 1 April 2019 £	Advances by directors £	Repayments to director £	At 31 March 2020 £
2020				
Director 1				
Interest free loan repayable on demand	1,406,971	(89,110)	51,000	1,368,861
Director 2				
Interest free loan repayable on demand	-	-	701	701

Summary of transactions with other related parties

Transactions with other related parties connected by virtue of common directorship;

A company with a director and shareholder in common with the company:

An amount of £658,312 (2020 - £269,892) is owed to this related party. During the year sales were made to the related party of £216,576 (2020 - £151,018), and purchases made of £1,077,861 (2020 - £702,174).

A partnership related to two of the director-shareholders of the company:

An amount of £120,631 (2020 - £265,000 owed to) is owed from this related party as at the year end. During the year loans were advanced to the company of £125,000 (2020 - £685,475), and repayments were made by the company of £nil (2020 - £1,320,000). Sales were made to the related party of £449,143 (2020 - £53,160), and purchases made of £325,208 (2020 - £760,823).

A company with a director-shareholder in common with the company:

No balance was owed at the year end (2020 - £39,600 owed) to the related party. During the year sales were made to the related party of £35,750 (2020 - £64,440), and purchases made of £nil (2020 - £78,600).

A company with a director-shareholder in common with the company:

An amount of £28,260 (2020 - £nil) is owed to this related party as at year end. During the year sales were made to the related party of £224,684 (2020 - £7,800), and purchases made of £132,500 (2020 - £107,400).

Transactions with shareholders

Loans of £56,000 (2020 - £48,000) were due to shareholders as at year end. During the year £8,000 was advanced to the company from shareholders.

An amount of £3,838 (2020 - £7,140) was due to shareholders as at year end. During the year sales were made to the shareholders of £92,017 (2020 - £51,000), and payments made for services provided of £41,673 (2020 - £18,424).

Transactions with close family members.

No balance was owed at the year end (2020 - £5,880) from these close family members at year end. During the year sales were made to these close family members of £92,646 (2020 - £135,727), and payments made of £55,350 (2020 - £110,650).